

Carter Wins Again

Reagan Stuns Ford in Texas

By James P. Sterba

ALLAS, May 2 (UPI)—President Jimmy Carter crushed President Gerald R. Ford in the Texas Republican primary yesterday, giving the challenger for the White House a major boost.

Carter, meanwhile, won Sen. Lloyd Bentsen, a vice-presidential pick, in the Democratic primary.

Thousands of Democrats crossed party lines, apparently to vote for Mr. Reagan, as he expected to win nomination on the first ballot at the Democratic National Convention.

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Texas	
DEMOCRATS	
Carter	53
Bentsen	5
REPUBLICANS	
Reagan	36
Ford	6

Reagan, former governor of California, won all 36 Republican National Convention delegates on the ballot. In most of the state's 24 U.S. congressional districts, his delegates outdistanced Mr. Ford's by margins of 10 or better.

Bargaining Power

Carter won 33 of the 36 Democratic delegates. Sen. Bentsen, appeal for delegates to give a bargaining power at the convention did not sway voters from Mr. Carter's bandwagon. The senator won only 5.

George Wallace of Alabama received no delegates. He 0,000 Texas votes as a third candidate in 1968, but Mr. Wallace's voters this year in large numbers.

His race for election to a second term in the Senate, Sen. Bentsen, who defeated a Democratic challenger, a Texas A & M professor, who will face Alan Steelman, who easily defeated the Republican Senate nominee yesterday, in November.

President Ford's Texas campaign manager, Sen. John Tower, the Reagan campaign had led from the assistance of a backer of Gov. Wallace, a "concerted and obvious" effort to get Wallace supporters in the Republican primary.

Sen. Tower, said he still believed the President would win nomination in August and the on in November.

Charlotte, N.C. Mr. Carter he was "real pleased" with Texas outcome, the Associated Press reported.

the former Georgia governor stopped short of claiming his latest primary victory clinched the Democratic



Sen. Henry Jackson announcing withdrawal from presidential race to Seattle supporters.

Life of Mao Is Seen Gaining Power Among Leadership

Peking, May 2 (Reuters)—Mao Tse-tung's wife, Ching, yesterday took a role in China's May Day celebrations, adding to speculation she has gathered new in the leadership.

former Shanghai actress, 68, sat alongside her husband, who watched televised activities. Ching married Mr. Mao in 1951.

year, Ching Ching failed to appear at the May Day festival. Today she answered the audience's acclamation in Chinese by applauding herself.

lineup of government and military figures appeared to be designed to present the of a unified leadership the bitter power struggle followed Premier Chou En-lai.

cameras followed Ching who is identified as a radical, as she chatted

with Vice-Premier Li Hsien-nien, a moderate. Another leading leftist, propagandist Yao Wen-yuan, was seated next to moderate Defense Minister Yeh Chien-ying.

The recent political campaign was evident in the posters denouncing Teng Hsiao-ping, the former vice-premier accused of being a right-wing "capitalist roader."

There was no mention in the official media of Thursday's explosion outside the Soviet Embassy which the Russians say killed two Chinese guards. Authorities have called it an "act of sabotage by a counter-revolutionary."

This statement was a virtual admission that a Chinese was responsible. It added to speculation of continuing political unrest in the wake of leadership changes and political violence here.

Counter-revolutionaries are (Continued on Page 2, Col. 4)

CIA's Report on World Climate Predicts a Catastrophic Change

WASHINGTON, May 3 (AP)—A report by the Central Intelligence Agency predicts a catastrophic change in the world's climate by the year 2000.

The report, which is the first of a series, says that the world's climate is cooling and will revert to conditions that prevailed in 1800 and 1850.

Anticipated changes, it says, will return the earth's climate to a condition similar to that of 100 to 400 years ago, cause economic and political "almost beyond comprehension," the report says.

used on a climatic change by Reid Bryson of the University of Wisconsin, the report says that the world's climate is cooling and will revert to conditions that prevailed in 1800 and 1850.

copy of the report, to be a public document, was obtained by the Associated Press.

Pollution Cited

an addendum to the report, Bryson says the climate changes are the result of world-drops in temperature caused by amounts of volcanic ash, carbon dioxide and man-made pollution in the atmosphere.

The change of climate is cooling some significant agricultural areas and causing droughts in others, the report said. "If, for example, there is a North American hemisphere drop of one degree centigrade, it would mean that India will have a major drought every four years and can only support three-fourths of her present population."

"The world reserve would have to supply 30 to 50 million metric tons of grain each year to prevent the death of 150 million Indians."

China, with a major famine every five years, would require a supply of 50 million metric tons of grain. The Soviet Union would lose Kazakhstan for grain production, thereby showing a yearly loss of 45 million metric tons of grain.

"Canada, a major exporter, would lose over 50 per cent of its production capability and 15 per cent of its exporting capabilities. Northern Europe will



Republican presidential hopeful Ronald Reagan waving to San Antonio crowd.

more delegates will be selected next Saturday.

Kansas Tally

TOPEKA, Kan., May 2 (AP)—Mr. Carter picked up 13 delegates in Kansas yesterday.

Eleven of 27 delegates elected at the state's five congressional district conventions were uncommitted. Two were committed to Rep. Morris Udall of Arizona and one to Sen. Henry Jackson of Washington.

The remaining seven of the (Continued on Page 2, Col. 5)

Carter Wins 16

NEW ORLEANS, May 2 (AP)—Mr. Carter picked up 10 delegates in the Louisiana Democratic primary yesterday. Late returns showed that Gov. Edwin Edwards' uncommitted slate won 15 delegate seats.

Gov. Wallace, meanwhile, ran third, winning seven seats. Nine

'Active' Campaigning Is Ended by Jackson

By Douglas E. Kneeland

SENATE, May 2 (UPI)—Sen. Henry Jackson announced yesterday that he was "ending my active pursuit of the Democratic presidential nomination." But he said he did not "intend to release my delegates."

Appearing at a news conference, the 63-year-old senator said that, while he believed the nomination was still open, former Georgia Gov. Jimmy Carter "quite clearly has a commanding lead."

He added that he would "support wholeheartedly the Democratic nominee for president this November."

Remains a Candidate

Although in his statement he said he would "remain a candidate," the extent of his withdrawal appeared obvious from the simultaneous announcement that he would seek re-election to the Senate this fall. He served six terms in the House of Representatives and is nearing the end of his fourth in the Senate.

Sen. Jackson said that he still intended to campaign in Connecticut next weekend "to support my delegates and to fulfill commitments." Connecticut Gov. Ella Grasso has been a staunch

Italian Election Due in June

Parliament Dissolved After Moro Resigns

By Alvin Shuster

ROME, May 2 (UPI)—President Giovanni Leone dissolved Parliament last night in a formal decree, to an announcement setting the date for the elections that could give the Communist party a share of governing power here.

Mr. Leone held a series of meetings with political party leaders yesterday morning and then conferred with Premier Aldo Moro, whose 11-week-old government resigned Friday night after

losing the tacit support of the Socialist delegation in Parliament.

The date for the vote, which will be the most crucial here in years, is expected to be June 20. Mr. Moro retains administrative power as caretaker Premier pending the elections' outcome.

With the dissolution of the nation's sixth postwar Parliament, the political parties went to work on strategies for a campaign that will stretch over six weeks. Apart from gaining votes, the parties will seek to curtail

political violence, which seems to be on the increase.

Two political activists were murdered last week in Milan, one a ranking member of the neo-Fascist party and the other a leftist. Police were placed on a high alert yesterday because of a variety of May Day celebrations. Groups of extremists scuffled in central Rome. Several cars were set afire and about 20 persons were reported admitted to hospitals after various incidents.

Mr. Moro has led five governments in the 30 years that his Christian Democrats have dominated Italian politics. His most recent resignation was a one-party minority administration that depended on the Socialist abstention in votes of confidence. They held 61 seats in the 630-seat Chamber of Deputies.

The dissolution of Parliament—a year ahead of the scheduled date for elections—means the death of emergency economic measures proposed by the Christian Democrats. The lira, which has dropped 30 per cent against the value of the dollar since mid-January, is now expected to weaken further.

The Christian Democrats, bedeviled by political and monetary problems, had seemed ineffective in recent weeks, including disputes over the party's leadership. They have also been shaken by charges that a former Italian premier may have received bribes from the Lockheed Aircraft Corp.

Accordingly, the Christian Democrats are entering the election campaign in a weak and divided condition that can only work to the benefit of the Communist party, Italy's second largest. The Communists, who lagged only 2 per cent behind the Christian Democrats in local and regional voting a year ago, are hoping to become Italy's largest political (Continued on Page 2, Col. 7)

West Bank Reinforced By Israelis

Arab Is Killed In Nablus Clash

JERUSALEM, May 2 (UPI)—Israel strengthened its forces across the troubled West Bank of Jordan today after renewed rioting and Arab plans to launch a protest march to Jerusalem.

Trouble also loomed in the occupied Gaza Strip after the resignation of Rashid Shawa as mayor of Gaza city to press for \$4 million in government aid.

Arab informants said security forces in Nablus, the largest town on the West Bank, where Israeli patrols killed 20-year-old Samir Samhan yesterday during a clash outside the town's old Casbah section.

He was the seventh reported Arab fatality in more than three months of violent anti-Israeli protests across the territory—captured from Jordan in the 1967 Middle East war.

The informants said that heavy concentrations of soldiers and border police troops had moved into key West Bank towns to thwart a planned Arab march from Ramallah to Jerusalem tomorrow.

A military spokesman on the West Bank said authorities had not been asked for how long they issued a permit for the march, but stood ready "to act" if it took place.

The Arabs called the march as a response to a two-day hike April 18-20 by 20,000 Jews to Jericho to press for the annexation of the West Bank.

But Arab informants said the organizers had been denied a permit and might hold a mass rally in Ramallah instead.

The informants said that the Casbah section of Nablus remained under curfew and a strike closed all shops and businesses elsewhere in the town.

They said there were some skirmishes between rock-throwing youths and occupation troops patrolling a nearby Palestinian refugee camp, but no casualties were reported.

Prime Minister Yitzhak Rabin has warned the newly elected officials to stay out of politics or risk a "heavy handed" Israeli reaction that could include the closure of the bridges linking the West Bank with the rest of Jordan.

In another development, about 14,000 civil servants launched a one-day strike to protest government plans to slash their extra pay benefits through the introduction of a uniform pay scale for all government employees.

The strike disrupted mail deliveries, halted customs processing at airports and held back social security payments to citizens.



AFRICAN TOUR—Henry Kissinger and Senegalese Foreign Minister Assane Seck at the airport in Dakar.

Kissinger Seeks \$7.5 Billion For Sub-Sahara Development

DAKAR, Senegal, May 2 (AP)—Secretary of State Henry Kissinger appealed yesterday to the world's industrial countries to provide a \$7.5-billion development fund to "roll back the desert" in sub-Saharan Africa.

The Sahel region has been hit by three major droughts in the last decade. Mr. Kissinger outlined an ambitious program for water conservation, reforestation, transportation, communications and scientific use of dry-land-area crops and livestock.

"Traditional aid levels and methods will not be enough," Mr. Kissinger said. "nor can any one country or any single donor provide the resources necessary to meet the critical, long-term needs of the Sahel."

U.S. officials said the Soviet Union—whose influence in Africa the Ford administration is trying to counter—would be invited to join the aid group. However, Moscow has never shown interest in similar assistance programs proposed by Washington to aid the Third World.

Relief Efforts

Mr. Kissinger said an international development program for the Sahelian nations—Senegal, Gambia, Niger, Chad, Mauritania and Upper Volta—that would reduce their dependence on the limited rainfall in the region and would promote food production, could cost far less than continuous relief efforts.

"The magnitude of this task makes international cooperation indispensable," he said.

Mr. Kissinger also reiterated an appeal to Angola to oust the 15,000 Cuban troops on its soil, holding out the prospect of recognition by the United States and economic aid.

He asked: "How can a government be considered African that requires 15,000 Cuban troops?"

Mr. Kissinger spoke at a lunch given by Senegalese Foreign Minister Assane Seck.

Mr. Seck appealed for the "total elimination of apartheid" in southern Africa.

"Change Will Come"

Mr. Kissinger assured the Senegalese that "change will come" and he again urged the white minority governments of Rhodesia and South Africa to negotiate with black liberation leaders.

Mr. Kissinger first offered the olive branch to Angola in a speech prepared for a dinner in Monrovia given by Liberian President William Tuberville Jr.

"We have no quarrel with that country," Mr. Kissinger said. "We can deal with it in a cooperative spirit."

The conciliatory gesture on recognition and aid is a turning point for the Ford administration. A few months ago, it was helping to arm two pro-Western factions that were fighting the Popular Movement for the Liberation of Angola, which eventually won in the civil war with the aid of Soviet arms and Cuban troops.

Mr. Kissinger said that, before

Fighting Spreads in Lebanon

Warfare Extends To Countryside

BEIRUT, May 2 (UPI)—Warfare spread from Beirut to the countryside today.

Leftists and rightists battled in the central Mount Lebanon area, and in the eastern Bekaa Valley. Fighting also continued in Beirut's suburbs and in the city's commercial and port districts.

Presidential candidates Raymond Edde and Elias Sarkis braved the renewed fighting to conduct talks with political leaders. Parliament's vote for a successor to President Suleiman Frangieh was to be held yesterday, but it was postponed until next Saturday.

In the fighting, militiamen fired barrages of mortar shells and rockets all over Beirut and its suburbs.

Year of Civil War

The artillery battle, one of the worst in the year of civil war, continued throughout the day and intensified after midnight.

In a battle for the port area, gunmen directed rocket, machine-gun and automatic rifle fire at each other's positions. Leftists and rightists said their opponents used tanks and armored cars. Both sides claimed to have held their ground and inflicted heavy losses.

At least 100 persons were killed in the last 24 hours, raising the war's toll to more than 15,500 dead and 40,000 wounded.

Battles also continued in the commercial center and in the area around the Essely villa, where parliament's vote on a president is to take place. Troops of the Syrian-controlled Palestine Liberation Army arrived there late Thursday to provide security for the lawmakers.

Political Leaders

Mr. Edde, who has the support of Socialist leader Kamal Jumblatt's leftist bloc, met political leaders in rightist-held eastern Beirut and visited Maronite Patriarch Antonius Khreish at the Bkerke monastery, north of the city. Mr. Sarkis, governor of the Central Bank, talked with politicians in the leftist-held Western sector.

The leftist-held Beirut radio said a delegation of parliament deputies will visit Damascus soon to confer with Syrian officials on the flare-up of fighting following the postponement of the presidential vote, a key element in the Syrian-sponsored peace plan.

The leftist radio also said a Palestinian delegation was leaving for Damascus within 48 hours to discuss possible mediation between Syria and the leftist bloc. The bloc has attacked Damascus for allegedly violating last month's cease-fire agreement by keeping its troops on Lebanese territory.

The rightist Phalangist radio accused the leftists of touching off the new escalation with the kidnapping Friday of Eddie Chahbi. (Continued on Page 2, Col. 4)

Draft Extension Weighed

Rhodesia Calls Up Reserves To Face Guerrilla Warfare

SALISBURY, Rhodesia, May 2 (AP)—Rhodesia is mobilizing thousands of reserve troops to meet intensified offensives by Soviet-armed black nationalist guerrillas along the 800-mile border with Mozambique.

A communiqué released by security force headquarters here yesterday said, "Provision has been made for the call-up of territorial force units for continuous service."

A government spokesman said later that the new territorial force commitment, which is expected to affect thousands of young white Rhodesians, would go into effect immediately.

The security chiefs also announced that the government was considering extending the draft from 12 to 18 months in an effort to field more men.

The steps were seen as part of the new military initiative that Prime Minister Ian Smith spoke about a week ago.

The commander of the Rhodesian Army, Lt. Gen. Peter Walls, disclosed that an "indirect offensive" is to be launched against the Mozambique insurgents.

Referring to Mr. Smith's appointment earlier this week of four government-paid tribal chiefs as Cabinet ministers, Gen. Walls said:

"Following the announcement of a political initiative, we in the security forces can make the extra effort. . . . We have been given the go-ahead to go on the offensive within Rhodesia."

Gen. Walls said that until now security forces had been under

Section On Italy

The International Herald Tribune publishes today a special section—Pages 7 through 12—on the problems of Italy. The section also provides background on Italy's coming election campaign.

Mr. Kissinger said that, before

News Analysis

Lagos, Not on Kissinger Tour, Is Key to Aims

By John Darnton

LAGOS, May 2 (NYT).—To some extent, Secretary of State Henry Kissinger's efforts to salvage relations between the United States and black Africa on his current trip will depend on the impression he makes on a country he is not visiting.

And the country, Nigeria, is not likely to be easily impressed. Three weeks ago, the federal military government withdrew the invitation for Mr. Kissinger to come here. The reasons, as far as can be determined, were mixed.

The government is still preoccupied with tracking down and punishing the perpetrators of a Feb. 13 coup attempt. Security precautions alone for Mr. Kissinger would have been unsetting. Perhaps there was even a plot that Washington took so long to set a firm date for Mr. Kissinger's visit or that, when it finally did, the visit was to be only a 24-hour passage during a whistle-stop tour of African capitals.

Wide Gulf

But there are also indications that some top Nigerian officials feel that the gulf between

Nigerian and U.S. interests has become too wide to bridge. That gulf is critical in the U.S. attempt to bolster Washington's waning influence on the continent. Black Africa is too disparate for any one nation to be its leader, but Nigeria—because of its size and wealth—is the closest to assuming that role.

Nigeria's population of about 70 million is equal to the total population of all the countries in the Organization of African Unity. Its gross national product is greater than all the others together. And its plentiful oil deposits give it unique status, since Nigeria is the second-largest supplier of crude oil to the United States.

By strongly supporting the faction that won the Angolan civil war, Nigeria has become the pre-eminent spokesman for Pan-African solidarity. Zaire, sometimes said to be Nigeria's potential rival for dominance, backed the losing side.

Support Stepped Up

Although Nigeria has said it will not commit its 350,000-man army to the fight in the south except under the auspices of the Organization of African Unity, the tempo for deeper involve-

ment is rising. The major liberation group in South-West Africa (Namibia), the South-West Africa People's Organization, is to open an office in Lagos soon. Financial and material support to other liberation groups is being stepped up.

Accordingly, Nigeria is closely following Mr. Kissinger's movements and statements on his first trip to the continent.

The secretary's dual policy—warning against further Cuban-Soviet incursions in southern Africa on one hand and voicing increased support for majority rule there on the other—arouses only anger here.

The warning is seen as the real crux of the policy, aimed at countering growing Soviet influence. It is deeply resented as a move that bolsters the resistance of the white-ruled regimes in Rhodesia and South Africa.

The support for black majority rule is regarded as rhetorical, if not hypocritical, given the record of U.S. trade relations.

Embargo Broken

The U.S. government has broken the United Nations embargo against Rhodesia. It allows two U.S. companies inside South-West Africa from paying U.S. taxes. And U.S. businesses have recently increased their investments in South Africa.

A year ago, U.S. officials said that U.S. investments in Nigeria were approaching those in South Africa. But current figures show it is no longer true. With cutbacks by oil companies, investments have dropped to \$500 million here. In South Africa, they have reached \$1.3 billion.

The significance of these figures is not lost upon the Nigerians who argue that the U.S. policy in Africa is dictated primarily by economic concerns that ally the United States with South Africa.

In making the "liberation" of southern Africa the focal point of its foreign policy, the Nigerian government is staking out a position on an issue that it views in terms of morality and idealism. It perceives the overture from Mr. Kissinger, however, to ignore African affairs until the Cuban-Soviet involvement in Angola, as a cold-war power grab.

The Daily Times said that, "while groping about for an African policy, the U.S. would commit tragic and costly errors if she persisted in seeing events in southern Africa through cold-war perspectives. Africans do not share America's cold-war paranoia about the presence of Russian and Cuban elements on their continent."

To overcome the ill will here, Mr. Kissinger will have to announce something very dramatic. Increased aid to Mozambique as compensation for the closing of its border with Rhodesia, or additional help for the drought-stricken Sahel region in northern Africa, while it might be welcomed, is just as likely to be condemned as crass economic politics.

"The only thing that would do it would be for Kissinger to announce immediately that the U.S. is going to give \$2 and \$3 million of arms and money to the liberation movements," said an official in the Ministry of External Affairs. "And even that would be seen as jumping on the bandwagon. It wouldn't bring you up to the level of the Russians because the Russians were there first."

Mozambique Rewarded
LAGOS, May 2 (AP).—The Nigerian government has given Mozambique about \$1.8 million in recognition of its "heroic action" in closing its borders with Rhodesia, Nigerian television reported Friday.

The two men, the assistant military attaché, Lt. Col. Lajos Hajnos, and Capt. Andras Toth, spent several hours in police detention on April 22 after being spotted in a car near the factory at Burghfield, southwest of London.

Foreign Secretary Anthony Crosland, answering a question from an opposition Conservative member of Parliament on Friday, said the publicity surrounding the incident constituted a warning. He said he hoped this would be "taken seriously by all concerned and would discourage any attempts to repeat such foolish and provocative acts."

France Will Continue Military Draft System
PARIS, May 2 (Reuters).—France will continue its 12-month military draft at least for the next five years, Defense Minister Yvon Bourges has announced.

The minister, outlining the next five-year military plan to the National Assembly's defense commission last week, said conscription was still the cheapest way of providing manpower for the army.

Cuban soldiers in uniforms and wearing pistols, are very much in evidence in the streets of Luanda and at the city's most luxurious hotel, the Tropic.

The attitude of the public toward them is difficult to determine but they seem to be fairly well accepted, in the capital at least, and to cause little public comment.

Cuban troops are reported to be still involved in fighting remnants of the defeated Na-



MADRID MAY DAY—Father Francisco Garcia Salve, a Roman Catholic worker-priest, speaks in Casa de Campo park during biggest leftist rally in capital since Civil War.

Europe May Day Parades, Protests Are Held

MADRID, May 2.—Police today questioned hundreds of persons arrested in outland May Day demonstrations throughout Spain. Some were released.

The national newspaper *El Financiero* said that 150 protesters were arrested in Madrid. Protesters also were detained in Barcelona, Bilbao, Malaga and other cities and towns.

Dozens of persons were injured in clashes with police, but none seriously, Spanish news agency reports said. In Barcelona, a 28-year-old man watching police scatter demonstrators died when he fell from a fourth-story window and landed on a police jeep. In the Basque region, a man was shot and wounded in a gunfight with police.

Monarchy Issue

The wave of protest was organized by the Communists and other outlawed leftist groups who appealed to Spaniards to demonstrate in the streets for political and labor rights, and

to demand an end to what they called the "fascist" monarchy of King Juan Carlos.

The government sent thousands of policemen and paramilitary Guardia Civil to combat May Day demonstrations. In Madrid and Barcelona, police fired shots into the air and dispersed some of the crowds with rubber bullets and smoke flares.

In Madrid, police did not interfere with two leftist gatherings.

One was a meeting of several hundred Socialists at the grave of party founder Pablo Iglesias. The Socialists laid wreaths, listened to speeches, sang the International and gave the clenched-fist salute. It was the first time since the civil war that the various factions of Spanish Socialists had jointly participated in a public event.

A few hours later, police, many of them carrying submachine guns, stood by as more than 2,000 persons gathered in Casa de Campo Park to listen to a

speech by Francisco Garcia Salve, a Communist Catholic priest who has served jail terms for outlawed labor activities.

Lisbon Bomb Kills 1

In Lisbon, an explosion in front of a Communist party office rocked central Lisbon hours before the start of May Day festivities. One person was killed and six were injured in the blast.

"The terrorist attack was obviously aimed against the Communist party," a Communist spokesman said, as he called on workers to join the scheduled May Day march.

The blast damaged a half-dozen cars and shattered windows of hotels, shops and offices for several blocks along the main Avenida da Liberdade.

Police sources said that a bomb had been planted under or inside a car parked near the party office.

A few hours earlier, Communist party leader Alvaro Cunhal had warned that "reactionary forces are seeking to destabilize" the situation in Portugal.

"There are still many fascists in Portugal seeking power by unconstitutional and illegal means," Mr. Cunhal declared, adding: "We Communists believe there exist many conspirators, and terrorist organizations which have not been dismantled."

At Lisbon's May First Stadium, despite the continuing political tension between Communists and Socialists, there was a warm holiday atmosphere. Vendors sold peanuts, cotton candy and pictures of Ernesto (Che) Guevara, while neighborhood bands, folkloric groups and revolutionary singers entertained a crowd of about 50,000.

There were traditional worker parades in Communist countries. East Germany held the only military parade reported on the international labor holiday. The U.S., British and French commanders in West Berlin protested the show of force in East Berlin as a "renewed violation of the demilitarized status of Berlin."

In Moscow, the Politburo, led by Leonid Brezhnev, stood atop Lenin's tomb to wave at more than 100,000 marchers in a parade lasting more than two hours. Raul Castro, the visiting Cuban defense minister, joined the Soviet leaders.

In Vietnam and Laos, thousands celebrated at parades and rallies at which leaders called for the further development of socialism.

Cyprus police outnumbered by about 10 to 1 a group of Greek-Cypriot Communists who held an anti-U.S. May Day demonstration outside the U.S. Embassy in Nicosia.

The Lockheed Aircraft Corp. payroll scandal was among the major May Day issues in Japan, where a million workers attended rallies. Demonstrators demanded fuller investigation of the Lockheed affair and resignation of conservative Premier Takeo Miki.

U.S. Sinai Posts Called Effective

WASHINGTON, May 2 (UPI).—The U.S.-manned early warning Sinai monitoring system is operating effectively and "no untoward incidents" have occurred between Egypt and Israel, President Ford has informed Congress.

The first report that Mr. Ford submitted to Congress, required by law every six months, said that since construction was finished in late February "the sensor fields and watch stations have been working at full effectiveness and no untoward incidents have occurred."

Congress authorized the stationing of 200 U.S. civilians in the Sinai to determine if Israel and Egypt were honoring terms of the troop redeployment agreement.

Reagan Crushes Ford in Texas Primary
(Continued from Page 1)
state's 24 delegates will be picked on June 5.

Maine Selects 20
AUGUSTA, Maine, May 2 (AP).—Maine Republicans yesterday selected 20 supposedly uncommitted delegates to the National Convention, but 13 said they were supporters of President Ford.

Two delegates said they were uncommitted but leaned toward Mr. Ford. Supporters of Mr. Reagan won four seats and one delegate who was truly uncommitted.

Overall Delegate Selection
WASHINGTON, May 2 (AP).—Here are delegate votes by candidate based on binding requirements or stated preferences of delegates selected so far for the nominating conventions:

Republican: Mr. Ford, 283; Mr. Reagan, 236; and uncommitted, 339. Needed to nominate: 1,130.

Moscow, Irked by BBC, Cancels Briton's Visit
LONDON, May 2 (AP).—The Soviet Union has angrily canceled a visit by the head of the British Broadcasting Corp. after exiled author Alexander Solzhenitsyn charged on the radio that Lenin had deceived the masses.

Dominated by East Bloc, 3d World

U.S., Britain Denounce Work Of UN's Human Rights Panel

UNITED NATIONS, N.Y., May 2 (AP).—The United States and Britain have denounced the work of the UN Human Rights Commission, dominated by Soviet-bloc and Third World nations. In an apparently coordinated attack, envoys from the two nations charged Friday that the 32-member commission has acted exclusively on complaints against Israel, South Africa and Chile, while ignoring repressive practices by other authoritarian regimes.

Leonard Garment, the U.S. delegate, said that the United States "will not accept or acknowledge" a commission-approved resolution that the security of the state is of higher value than the protection of the individual from abuse by the state.

The resolution, adopted by the Geneva-based commission in February, is being reviewed by the social committee of the Economic and Social Council.

Helsinki Conflict Seen
Mr. Garment asserted that the resolution conflicts with the "laboriously achieved human rights balance" in the final act of the European security declaration adopted in Helsinki last summer.

"Its effect is to undermine the balanced structure of the Universal Declaration of Human Rights, which accords no such transcendent priority to international peace and security," he said.

Sergei Smirnov of the Soviet Union, however, told the committee that the government attaches a "particular importance" to the resolution and is determined to see the measure approved by the panel.

British Ambassador Iain Richardson, in an unusually strong criticism, called on the Soviet Union to move "more quickly toward a freer society."

He accused the Soviet-bloc nations of paying lip service to human rights while "camouflaging reality."

Tudor's Argument
Noting that the Soviet Union and most European countries were among the first to ratify international human rights covenants, the British envoy asked:

"Can we really accept that the human rights of individuals are protected best in all these countries? This would be a ludicrous argument to sustain. One has only to consider the nature of the regimes in some of these countries to appreciate the absurdity of the proposition."

Mr. Richardson's comment drew an angry response from Mr. Smirnov, who said his government "categorically rejects the slanderous fabrications."

The Soviet representative said force, with enhanced strength to demand seats in the Cabinet.

Enrico Berlinguer, the Communist party leader, who was among those who met with the President yesterday morning, said afterward that the elections had become inevitable because the Christian Democrats refused to move closer to a formal relationship with his party.

One Socialist proposal in the last month was for an emergency government that included a role for the Communists. "The legislature could have been saved," Mr. Berlinguer said. "The Christian Democrats did not have the courage. It is now time for the electorate to topple these pre-judices once and for all and open the way for convergence and agreements that are essential if Italy is to find its feet."

The main question now, of course, is how well the Communist party will do in the forthcoming vote. Secretary of State

Henry Kissinger, worried the impact on NATO, is that Communists in the government would be "a table."

For their part, the Communist stated objective is the "historical compromise" — an agreement that would share power between the Christian Democrats and other non-Communist parties.

The next formality is the date for the national first parliamentary election, 1976. The Cabinet will select June 20.

Metalworkers' Pay
ROME, May 2 (AP).—Management and labor agreement for a new 10 percent pay raise for 1.4 million metalworkers following seven months of negotiating, radio reported today.

Under the three-year agreement, the metalworkers will receive 25,000 lire (\$27.50) a month plus a 500,000 lire (\$550) bonus at the end of January. Working hours reduced from 40 to 38.

Papers End German Lock
WIEN, May 2 (AP).—The German Publishers' Association today it would end its 145,000 printers in the hope of halting a 40 percent increase in the 450 daily newspapers.

A spokesman said that association expected the union to call off the "earliest possible" strike on Monday.

The nationwide strike, demanding a 10 percent increase, began Wednesday. Iters related by the workers.

Saharans Claim Moroccan Victory
ALGERIA, May 2 (AP).—Sahara independence fighters claimed that the guerrillas of the Polisario Front won a victory over Moroccan forces on May 1.

A communiqué from the Polisario Front said that Moroccan forces had been defeated in a battle near the town of Tindouf.

The communiqué said that the Polisario Front had captured a large amount of weapons and ammunition from the Moroccan forces.

The Polisario Front said that it would continue its struggle for the independence of Western Sahara.

The Polisario Front said that it would continue to fight for the rights of the Saharans.

The Polisario Front said that it would continue to fight for the freedom of the Saharans.

The Polisario Front said that it would continue to fight for the justice of the Saharans.

The Polisario Front said that it would continue to fight for the peace of the Saharans.

The Polisario Front said that it would continue to fight for the unity of the Saharans.

The Polisario Front said that it would continue to fight for the dignity of the Saharans.

The Polisario Front said that it would continue to fight for the honor of the Saharans.

The Polisario Front said that it would continue to fight for the glory of the Saharans.

The Polisario Front said that it would continue to fight for the fame of the Saharans.

The Polisario Front said that it would continue to fight for the respect of the Saharans.

The Polisario Front said that it would continue to fight for the admiration of the Saharans.

The Polisario Front said that it would continue to fight for the awe of the Saharans.

The Polisario Front said that it would continue to fight for the wonder of the Saharans.

Angola Hints Cuba to Remove Troops, Send Technical Aid

By David B. Ottaway

LUANDA, Angola, May 2 (WP).—For the first time hints have come out of Angola that Cuban forces may soon begin their withdrawal and that the thrust of Cuban aid to Angola will change from military to technical.

Angola President Agostinho Neto said in a speech last week that the army of his victorious Popular Movement for the Liberation of Angola was rapidly being organized to take over defense of the country. He implied that it would soon no longer have any need for Cuban military assistance.

Since the military victory, he said, "our [soldiers] are organizing rapidly to become sufficiently strong to protect this peaceful base in Africa."

"We will shortly be able to guarantee ourselves the security of our borders that are still threatened by the presence of enemy troops in the north and the south," Mr. Neto said.

He spoke at a special ceremony at which he was presented with a gold "peace medal" from the World Peace Council, a Communist bloc-sponsored organization.

Observers here said it was the first time Mr. Neto had publicly mentioned even indirectly the possible withdrawal of Cuban troops, now estimated by Western governments at 13,000.

The observers said Mr. Neto appeared to be reacting to both internal pressure from a small leftist opposition group and foreign criticism that his government is dependent upon the Cuban military presence for its survival.

Mr. Neto alluded to pressures from unnamed "imperialists" who were accusing his government of being sustained by a "foreign military presence."

He said those forces were trying to frighten Angola allies which, he said, "helped us as long as we need them."

But there are growing indications of planned Cuban assistance in the technical field. On Thursday, the state-controlled newspaper *Jornal de Angola* said that new accords regarding Cuban aid in education, agriculture and other fields would probably be signed shortly.

"The Cuban help to Angola, which was initially almost exclusively military because of the necessities of the second war of liberation [the civil war], will now take on a technical character within the framework of the construction of socialism," the newspaper said.

The brother of Cuban Premier Fidel Castro, Defense Minister Raul Castro, visited Angola recently for what is believed to be an assessment of the military situation and discussions on the nature of future Cuban assistance.

Recently, Angolan Health Minister Mario de Almeida signed an agreement in Havana for the sending of Cuban doctors, nurses and other medical assistants to Angola. An unknown number of doctors and nurses are already here.

Cuban soldiers in uniforms and wearing pistols, are very much in evidence in the streets of Luanda and at the city's most luxurious hotel, the Tropic.

The attitude of the public toward them is difficult to determine but they seem to be fairly well accepted, in the capital at least, and to cause little public comment.

Cuban troops are reported to be still involved in fighting remnants of the defeated Na-

Kim Quits, Pak Named Premier In North Korea

TOKYO, May 2 (AP).—North Korean Premier Kim Il has resigned because of illness and Deputy Premier Pak Sung Chul was named to succeed him, a Pyongyang broadcast has reported.

The official North Korean Central News Agency said on Friday that Mr. Kim was vice-president at the proposal of President Kim Il Sung.

In the broadcast, monitored in Tokyo, the news agency said Mr. Pak and Mr. Kim were elected to their new posts at the sixth session of the Fifth Supreme Assembly, which ended its three-day meeting Thursday.

First vice-president is believed to be a newly created post.

2 Sentenced to Death
SEOUL, May 2 (AP).—Two Korean residents of Japan have been sentenced to death on charges of spying for North Korea for years here and in Pusan, on the southeastern coast.

In two trials, the Seoul District Court also sentenced 12 others, 8 of them from Japan, to prison terms of up to 10 years in connection with the case.

U.K. Won't Oust Two Hungarians
LONDON, May 2 (Reuters).—Britain will not expel two Hungarian Embassy men who were suspected of photographing a nuclear weapons factory, Parliament has been told.

The two men, the assistant military attaché, Lt. Col. Lajos Hajnos, and Capt. Andras Toth, spent several hours in police detention on April 22 after being spotted in a car near the factory at Burghfield, southwest of London.

Foreign Secretary Anthony Crosland, answering a question from an opposition Conservative member of Parliament on Friday, said the publicity surrounding the incident constituted a warning. He said he hoped this would be "taken seriously by all concerned and would discourage any attempts to repeat such foolish and provocative acts."

France Will Continue Military Draft System
PARIS, May 2 (Reuters).—France will continue its 12-month military draft at least for the next five years, Defense Minister Yvon Bourges has announced.

The minister, outlining the next five-year military plan to the National Assembly's defense commission last week, said conscription was still the cheapest way of providing manpower for the army.

Cuban soldiers in uniforms and wearing pistols, are very much in evidence in the streets of Luanda and at the city's most luxurious hotel, the Tropic.

The attitude of the public toward them is difficult to determine but they seem to be fairly well accepted, in the capital at least, and to cause little public comment.

Cuban troops are reported to be still involved in fighting remnants of the defeated Na-

Bomb Explosion Is Reported in Soviet Georgia

MOSCOW, May 2 (AP).—A bomb April 12 shattered windows at Soviet Georgia's Council of Ministers headquarters in Tbilisi, according to travelers arriving here.

No one was injured in the explosion, the sources said, and the debris was cleared away immediately. The informants claimed that the explosion was one in a series of incidents that have occurred in Georgia on recent public holidays.

The sources said that major fires occurred Feb. 23, the Army and Navy Day, and last May 9, the World War II victory day.

According to the informants, Georgian officials believe these responsible are officials or businessmen who lost their jobs or were stopped from making further profits by the Georgian government's recent campaigns against corruption.

The informants did not believe the incidents were otherwise politically motivated.

There has been no report of the incidents in the national press. The sources said the Tbilisi television station mentioned the April 12 blast briefly.



Chiang Ching

New Clashes In Lebanon

(Continued from Page 1)
moun, 19-year-old nephew of a leading rightist, Interior Minister Camille Chamoun, to "cut the road on the process of the election of a new president."

It said the return to Lebanon yesterday of U.S. envoy Dean Brown may "push the crisis anew to the international level so that it can be settled decisively this time."

But the leftist radio station accused Mr. Brown of bringing "conspiratorial instructions from his masters which the nationalists [rightists] will implement."

U.S. University Reopening
BEIRUT, May 2 (Reuters).—The American University of Beirut, which has been open for about 10 weeks this year because of the civil war, will resume classes in all faculties tomorrow, a university spokesman said today.

He said the reopening was mainly for the benefit of students living on the campus in Moslem West Beirut or in areas nearby. Students and staff who would have to cross dangerous areas of Beirut to reach the campus should not attempt to do so, he said.

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Conciliatory to Moscow

Sadat Urges Syria to Renew N Mandate in Golan Heights

By Henry Tanner

CAIRO, May 2 (AP)—President Anwar Sadat made an appeal to Syria yesterday to renew the mandate of United Nations peace-keeping forces on the Golan Heights. The present mandate expires at the end of the month.

In a speech to workers rebuilding the war-torn city of Suez, Mr. Sadat said it was up to Syrians to make the decision but that they should reckon the interests of all the Syrians. There was no doubt from context of his remarks that he was alluding to the overall Arab interests for renewal of the UN man-

date. Syria agreed, under the second agreement with Israel, concluded in September, to renew the mandate of the UN forces on the Golan Heights. There was no ambiguity, never resolved public whether Mr. Sadat had asked himself to renew the mandate for two or for three years.

The mandate in Sinai expired Oct. 24. In his speech, Mr. Sadat went on to say that he was extending an olive branch to the Soviet Union. "I don't want a fight with the Soviet Union," he said. "I the day will come when our endent position is understood and accepted and then relations between us and the Soviet Union will be established on a new firm basis."

Net-Egyptian relations went to a severe chill six weeks

ago when Mr. Sadat abrogated the 1971 treaty of friendship and cooperation between the countries and ended an agreement giving Soviet naval ships facilities in Alexandria harbor for repair and maintenance.

Mr. Sadat also seemed intent on mending his strained relations with the Palestine Liberation Organization. Recent municipal elections in the Israeli-occupied West Bank of the Jordan River, he said, amounted to a declaration by the Palestinian population that "there is no substitute to the PLO as the sole representative of the Palestinians."

"This is a message to Israel and to King Hussein and to those who connive with him to impose a tutelage over the Palestine Liberation movement."

Egypt has charged that Syria, along with King Hussein of Jordan, has been using the Lebanese civil war as a means to bring the Palestinian movement under Syrian control.

Mr. Sadat renewed an Egyptian demand for mediation efforts in Lebanon by the members of the Arab League. The demand is strongly opposed by the Syrians, who have spoken out repeatedly against an "Arabization" of the Lebanese crisis. Egypt and Syria have been at odds since Mr. Sadat agreed to the second Sinai agreement, under which Israel relinquished Sinai oilfields and a slice of territory to Egyptian forces.



ELDERLY EL—The Wuppertal, West Germany, suspension railway is 75 years old this year and the city plans a week-long celebration with 1901 tickets and fares.

Victim Tried to Dismantle Border Weapon

East Germans Slay Man in 'Death Strip'

BONN, May 2 (AP)—East German soldiers shot and killed a 32-year-old West German workman who tried to dismantle an automatic shooting device, the Bonn government reported yesterday.

The Ministry of Inner German Relations identified the victim as Michael Gartenschlaeger, a former East German political prisoner. He was leading a personal campaign against the anti-refugee guns erected by the Communists along the border dividing Germany.

Mr. Gartenschlaeger was shot by Communist guards during a border foray with two companions near Luebeck. His companions retreated to safety.

Mr. Gartenschlaeger had previously removed one of the guns and triggered another during two border forays in late March near the Baltic port, West German news media reported.

Egon Franke, minister for Inner German Relations, condemned the shooting as a "very serious incident" but said the attempt to remove the gun involved an "irresponsible risk." Bonn formally protested the shooting to the East German government.

The border device involved is a kind of shotgun fired by contact with wire, spraying shot at about the height of a man's waist. It is used by the Communists to suppress their minefield along the border with West Germany. Mr. Gartenschlaeger caused a sensation recently when the West German news magazine Der Spiegel reported his account of how he had dismantled one of the devices without it going off.

Third Attempt

That was his second attempt. The incident brought to light by Mr. Franke's statement thus was Mr. Gartenschlaeger's third attempt at putting such a device out of action.

Examination by Western experts of the device Mr. Gartenschlaeger had brought back revealed that it contained 90 sharply edged iron pellets "propelled by an explosive charge of 102.4 grams."

According to the account by

the informed sources, Mr. Gartenschlaeger and his two companions drove to the border area of Buergerhof near Luebeck Friday night and were at the scene for about half an hour when discovered by the Eastern guards.

Mr. Gartenschlaeger spent 10 years in East German prisons for

repeatedly trying to flee to the West. Four years ago, the Communists let him go and sent him over their fortified border to West Germany.

Last Wednesday, it was learned that the district attorney's office had begun an investigation into Mr. Gartenschlaeger's activities.

After Widespread Activism of 1960s

Heidelberg Students' Crusade All but Dead

By Henry Kamm

HEIDELBERG (AP)—Church bells still toll each quarter hour from Gothic towers throughout this picture-postcard town, complete with gabled houses on narrow streets and castle ruins on a hill. The swans still float serenely on the Neckar River, undisturbed by the rowers of the university team.

Perhaps there are no more student princes, but there is enough beer drinking and singing in the smoke-stained student taverns to give residual validity to the romantic image of Heidelberg, the quintessential German university town of opera and legend.

But the walls of the university—whose buildings are scattered throughout this town, which emerged miraculously unscathed from World War II—are smeared with the slogans of the student war against the faculty, capitalism and imperialism. The rector's office is accessible only through a bell-and-intercom security system.

Students, who make up about one-seventh of the population of 130,000 in one of the most conservative towns in one of West Germany's most conservative states, are walking proof for a thesis that there is no fabric but denim, and there is more than the usual German quota of shops offering performances and parades of the more arcane regions of sexual activity.

Movement Called Dead

Heidelberg bears the outward marks of the vigor of the student movement of the late 1960s. But on four days of interviews with students, faculty members and townspeople, all agreed that the movement was dead.

"The extreme left is so extreme that they can be nobody's partner in conversation or coalition," said Prof. Rolf Rendtorff, a 50-year-old theologian. As rector of the

university until 1972, he is accused by conservatives here of having constantly ceded to leftist demands and therefore of bearing heavy responsibility for what they consider the decline of Heidelberg.

The issue is expected to be exploited against Prof. Rendtorff in next autumn's parliamentary election campaign, in which the professor of the Old Testament will run as a Social Democratic candidate.

The bulk of the nonextremist students, Prof. Rendtorff said, "live as though the student movement had never existed." In an analysis echoed by many others, the theologian said Heidelberg students in their great majority had relapsed into passivity.

Christian Wolff, a principal student leader at the height of the movement and now, at age 26, serving as the former rector's campaign manager while completing his theological education, said student resignation took two forms. One, he said, is the aggressive excess of the extreme left, which springs from the same sense of futility as does the second, the passivity of the majority.

Standards Toughened

From all factions of the political spectrum, the same reasons were cited for the decline in student political activism. The principal explanation was that there had been a marked tightening of academic requirements, combined with a worsening of economic conditions and therefore of the job market.

With democratization and the rise in general prosperity of West Germany, demands for higher education have been steadily growing.

The result has been a tightening of admission standards and a requirement that studies be finished in a set time, mainly four years, with frequent interim exams.

West German students pay no

fees in the entirely state-run university system and those unable to support themselves through their families can get up to about 500 deutsche marks (\$200) a month in government stipends. But the rising cost of living is hard on many, and part-time or vacation jobs are harder to find.

Job Competition

Above all, students in a society that for as long as most remember has provided full employment now find themselves in tough job competition, with more qualified candidates and fewer jobs.

"Everybody now feels that the student who starts his studies with me is my competitor," Mr. Wolff said.

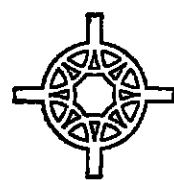
"The big thing now for most is securing your future," said Wolfgang Gurth, a law student.

Political reasons also contribute to the dampening of student ardor. Julius Schmidt, a student of German literature, leader of the Young Socialists and chairman of the student executive, said:

"We have had the Socialists in power since 1949 and we discovered that nothing changes. Our frustration is great. We have lost not only confidence in the Social Democrats but in any government. We want a form of society with more equality, more freedom and not just formal bourgeois freedom."

The so-called "radical" edict, which bars from the public service those said to be active against the democratic order, has discouraged many for fear of getting their name on a police file.

Significantly, no rightist radicalism has accompanied the extremism of the left even at its height, as it has in other European countries. "For that we are too much the burned child in Germany," said Dr. Hubert Niederlander, the present rector.



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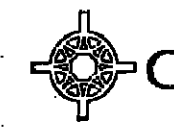
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Robbers Say FBI Succeeded Manipulating News Media

By Philip Shabecoff

WASHINGTON, May 2 (AP)—The Federal Bureau of Investigation repeatedly and co- attempted to manipulate news media in an effort to influence public opinion and dis- citizens and organizations were its "targets," the Senate intelligence committee said in a report on domestic intel- activities.

Represented evidence of per- and frequently successful ef- by the FBI to use the media to such targets as the Rev. Martin Luther King Jr. and "and individuals in what is libed as the 'New Left'."

These are examples from a report of ways the FBI sought to influence media reports: "through a 'good friend' who chairman of the board of a al magazine, the bureau an unfavorable article about ureau due to appear in the line."

FBI officials approached re- including one from a magazine, offering to play recordings "embarrassing" to King.

freelance writer was fur- by the bureau with photo- depicting a radical group's ment as "a shambling with obscene and revolutionary is displayed on the walls."

he Washington bureau chief major news organization was dly given discrediting in- tion about the lawyer de- Daniel Ellsberg in the ton Papers case.

FBI efforts to use the media were generally part e bureau's Cointelpro, or intelligence program, de- to "disrupt" or "neutral- people or groups consid- threat to domestic security. ne effort indicates that the too sought to use the media seminate its own views on issues as foreign policy and morality.

report said that the bu- crime records division aimed "covert liaison" with ews media to advance two domestic intelligence ob- as: "(1) Providing derog- information to the media led to generally discredit activities or ideas of target- ups of individuals; and (2) inating unfavorable arti- news releases and back- information in order to t particular activities.

ing the committee's hear- a former director of the records division testified e kept a list of the bureau's 'friends' in his desk. Tho- Bishop also said that the sometimes refused to co- e with reporters critical of ureau or its director.

Bishop said that as a d rule, the bureau gave ly "public record informa- but that this could cover everything in the files targeted individual." King, the civil rights lead- 0 was assassinated in 1968, a frequent object of FBI leaks," according to the It alleged that the bu- offered to play for report- recordings that were to be "embarrassing" to presumably involving a episode referred to else- report stated that in No- 1964, the Washington chief of a "national news ation" told then Attorney al Nicholas Katzenbach one of his reporters had approached by the FBI and a chance to listen to "esting" tape recordings in- g Dr. King.

he had informed Mr. Katzenbach of the offer to one of his reporters.

The report indicated that the FBI offered to disclose the contents of illegal wiretaps to the news media on a number of occasions. Once it learned through a wiretap of a pending magazine article criticizing President Nixon's Vietnam policy by former Secretary of Defense Clark Clifford, and passed the information to the White House.

The committee also found that FBI surveillance of newspapermen frequently produced political information rather than national security information. For example, the report said that one wiretap showed that one of the FBI "targets" helped Sargent Shriver write a press release criticizing a speech by President Nixon.

According to the Senate findings, the FBI maintained a close relationship with the chairman of a national magazine described in a bureau memorandum as "our good friend." The report said that the bureau took advantage of the relationship with the unnamed executive to "squash" an unfavorable article, to postpone publication of an article on an FBI case and to "forestall publication" of an article written by Dr. King.

The following are some of the other examples cited in the report of attempted media manipulation by the FBI:

• FBI headquarters asked its field offices to provide the press with specific data "depicting the sordid and depraved nature of many of the characters, activities, habits and living conditions representative of New Left adherents," urging that "every avenue of possible embarrassment must be vigorously and enthusiastically explored."

• The bureau ordered field offices to gather information that would disprove allegations by "the liberal press, and the forces of the bleeding hearts and the forces on the left," that Chicago police used undue force against demonstrators at the 1968 Democratic convention.

• Several months after the Cointelpro operations were supposed to have ended, the FBI attempted to discredit Leonard Boudin, the lawyer defending Daniel Ellsberg in the Pentagon Papers case, by leaking information about his alleged sympathy for "Communist causes" to the Washington bureau chief of a major news service.

Murky Water Dims Role of Nude Bathers

OXFORD, England, May 2 (Reuters).—Oxford's water supply has been censored three girls swimming naked in a glass tank on stage at a sex farce.

When the tank was filled at the Oxford Theatre, the water immediately became cloudy, and the audience complained that it could not see as much of the girls as it had paid to see.

An expert from Oxford University's department of inorganic chemistry said that calcium carbonate in the city water supply caused the murkiness. So the water was drained and the tank was refilled. But the cloudiness returned. A theater spokesman said: "We could put snails in the water to clear it. . . . But I don't think the girls would like it."

Population Boost Outpaced by U.S. Household Rise

WASHINGTON, May 2 (AP)—The adult population of the United States increased by about 5 per cent in the last five years, but the number of households rose 13 per cent, as more young persons set up their own homes rather than live with their families.

A new Census Bureau report, released last week, estimated that there were 71.5 million households in the country last year, compared with 63.4 million in 1970.

Robert Grymes, a statistician in the bureau's Marriage and Family Division, said the rise reflects the increasing numbers of young persons who are remaining single or marrying later in life.

The government defines a household as all the persons who occupy a housing unit—a house, an apartment, a single room or a group of rooms that is intended as a separate living quarters.

The figures show that California had the largest number of households, an estimated 7.6 million. New York was second with 6.3 million households.

Security Council Chief

UNITED NATIONS, N.Y., May 2 (UPI).—Ambassador Louis de Guiringaud of France became president of the Security Council yesterday, succeeding Ambassador Huang Hua of China in the monthly rotation in alphabetical order of the names of member countries.

A Failure of Oversight

A slender Senate Rules Committee majority threatens to make a farce out of the Senate intelligence inquiry by (1) Launching a tame—and utterly redundant—inquiry of its own and (2) Blocking establishment of an effective permanent intelligence oversight committee. Offhand, we can think of no greater triumph of pettiness over public interest in recent times. The rules majority, led by chairman Howard Cannon, D-Nev., speaks for the standing committees (especially Armed Services and Appropriations). The first thing to remember about these committees is that they did a lackadaisical and inept job of oversight in the past. The next thing to know is that they remain pretty much the captives of the agencies they are supposed to oversee, and they do not wish to yield any of their responsibilities and prerogatives to a new oversight panel. To recite these failings and frailties is to demonstrate the magnitude of what has—or, more accurately, has not—been done.

The temporary Senate Select Committee on Intelligence Activities, which went out of business with its reports on foreign and domestic intelligence last week, is under some criticism for failing to time its biggest investigatory explosions for the period in which the oversight issue would be the first order of business in Congress. But come, now. Who can forget the earlier stark and stunning committee reports on official U.S. efforts to solve diplomatic problems with other nations by murdering their leaders or toppling their governments? Even the foreign-intelligence report issued last Tuesday, whose contents the committee negotiated out with the executive branch in order to avoid stalemate and gain consensus, had a full

complement of abuses crying to be corrected by meaningful oversight. The CIA, for instance, was revealed to have bent to White House and Pentagon pressure and doctored a crucial intelligence report bearing on Soviet strategic intentions. The extent of loose and in some cases nonexistent policy control over covert actions was detailed as never before.

One could go on. The point is that the need for effective oversight has been proven beyond any serious question. To restore oversight to the very panels whose inadequacy has been so thoroughly demonstrated is an exercise in the unthinkable. Intelligence oversight is not the primary business of any of these committees, anyway. They all have plenty to do without keeping an exclusive lock on a responsibility they have discharged so poorly in the past. The whole effort to put intelligence under the rule of law is in the balance. This effort requires not just establishment of a new oversight committee but passage of comprehensive new legislation to define and delimit the tasks of intelligence. The committee issue, however, is rightly seen as a crucial test case.

Wittingly or not, the Senate barons balking committee change are handmaidens of executive abuse and patsies for executive power. Is this really the role that men like James Stennis and James Eastland, for instance, believe that a U.S. senator should play? The full Senate should reject the Rules Committee caprice when the matter comes to the floor this month, and construct oversight machinery that offers some hope of preventing recurrence of the abuses that the Church committee has so carefully and persuasively catalogued.

THE WASHINGTON POST.

Election in Italy

Italy is now on the road to its most critical election since the founding of the republic in 1946—with no assurance that the contest will dissolve the political stalemate or produce a government capable of leading an economic revival. With the failure last week of a last-ditch bid by the ruling Christian Democrats for all-party backing of an emergency economic program, the fall of Premier Moro's minority government became inevitable and June elections all but certain.

The Communist party will doubtless improve on its impressive showing in local elections last year, when it climbed to within two points of the Christian Democrats, who have headed every postwar Italian government. Some polls indicate a possibility that the Communists this time will dislodge the Catholic party from first place and even gain enough ground to make possible a leftist coalition between themselves and the Socialists.

At this stage, however, the Communists would be reluctant to launch such a coalition. They have almost a morbid fear of bringing on Italy the kind of polarization—and eventual military intervention—that

doomed Salvador Allende's left coalition in Chile. They would much prefer to enter government as the junior partner of the Christian Democrats in what they have called a "historic compromise" between Communists and Catholics.

There is always the chance, however, that the Christian Democrats, bitterly divided, tarnished by corruption and weakened by recent allegations of payments to party leaders by multinational corporations, can pull themselves together and win another election, mostly by emphasizing the Communist threat. What seems less probable at the moment is that new leaders, untainted by past party failures, will then come forward to guide Italy back to political stability and economic recovery, even with extensive aid from the United States and Italy's European Community partners.

In any event, for the duration of the campaign, the less public advice the Italians receive from outside governments—especially the United States—the more likely they are to vote with discernment and good sense next month.

THE NEW YORK TIMES.

Mystery in Peking

The explosion at the gates of the Soviet Embassy in Peking is being denounced as counter-revolutionary sabotage by Chinese authorities. But why should dissident Chinese forces feel it necessary to stage such a demonstration?

The official Peking line is that of implacable hostility toward Moscow, and Premier Hua Guofeng recently reiterated to the Soviet Union as a "wicked and ruthless superpower." One would expect genuine Chinese counter-revolutionaries to be pro-Soviet, as in Albania—where Communist party boss Enver Hoxha has just announced the crushing of a dissident faction allegedly seeking to break Tirana's ties with Peking and to move closer to Moscow.

Such considerations suggest a somewhat different explanation for the explosion in Peking. Could it be that a factional battle in the Chinese leadership rages over the issue of whether or not to improve relations with Moscow, and that the anti-Soviet faction was sufficiently alarmed by the strength of its opponents to conclude that an act of violence against the Soviet Embassy might be useful to halt progress toward better Soviet-Chinese relations?

Such a hypothesis cannot be proved, but there are some interesting indications. Last December Peking unexpectedly released members of a Soviet helicopter crew who

had been kept prisoner for nearly 21 months; on their return Moscow made no effort to use the incident for anti-Chinese propaganda. Last month China suddenly agreed to exchange ambassadors with India, one of Moscow's closest friends in Asia. Also last month a lengthy semi-official analysis in Pravda of Soviet-Chinese relations proposed that the Chinese return to the bilateral border talks that began in October, 1969, and that have been in recess since last May. Several days ago a group of U.S. congressmen returned from Peking with the news that the Chinese are "emphatically not interested" in formal defense agreements with the United States or in purchasing U.S. arms.

What should not be forgotten is that it was Chou En-lai personally who brought the Soviet-Chinese differences into the open in 1961 in Moscow when he defended Albania publicly against Khrushchev's attacks and demonstratively left Moscow before the Communist party congress he was attending had adjourned. Recurrently thereafter, the late Premier was seen by Moscow as the key anti-Soviet figure.

The clues suggesting an easing of Moscow-Peking tension have all emerged in the last four months, beginning at a time when Chou was on his deathbed and continuing since his death last January.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

May 3, 1901

ST. PETERSBURG—The whole of the Trans-Siberian railroad is now open to traffic. This makes it possible to make a voyage round the world in 33 days, distributed as follows: Paris to St. Petersburg—3 days; St. Petersburg to Vladivostok—10 days; Vladivostok to San Francisco—10 days; San Francisco to New York—4 1/2 days; New York to Le Havre—6 days and Le Havre to Paris—8 hours.

Fifty Years Ago

May 3, 1926

NEW YORK—Another epochal stride in the development of the use of radio is marked this morning with the publication of an advertisement of the John Wanamaker stores in the New York Herald that was transmitted by the newly-perfected radio photographic method from New York. The same advertisement is appearing simultaneously in New York, Philadelphia, London and Paris.



"Well, What Do You Think?"

Carter, Politics and Religion

By James Reston

FERRY RUN, Va.—With Hubert Humphrey and now Scoop Jackson on the sidelines, the attention of the nation is turning to Jimmy Carter. He has overwhelmed his opponents and the labor and political leaders of his own party, but they still don't know how he did it, and what they're going to do about it.

So far, Carter's success has been a triumph of hard work and tough political organization in the primary states, but probably more important, it has been the result of something personal, something new but very old; something quiet, courteous and philosophical in a noisy, unmanly and cynical age.

This has changed the attitudes and votes of a lot of people. Politically, Virginia is not typical of the nation, but here in the foothills of the Blue Ridge, he has transformed the attitudes of the voters along our lonely and winding roads.

Swinging Back

Fauquier County, Va., is conservative Harry Byrd country. Once solidly Democratic, it has been sliding toward the Republicans for a generation, but Carter seems to be swinging it back. The fact that he has prevailed in the primaries against the Democratic party and labor organizations has changed the mood of voters along these roads. They like his independence. They say that maybe a Southerner is finally going to have an honest shot at the presidency, and they are impressed by his religious faith.

Accordingly, this little community may help explain one aspect of Carter's success. It is divided on political issues, but it pays attention to its churches—of whatever denomination. The churches are not only the philosophical but the social centers of this area. Church and state are separate here too, but the Leeds Church in our community was Mr. Justice Marshall's church in the early days of the Republic, and people talk here, as in Louisiana, about how the people of the "parish" voted.

Only twice in the last 50 years has the "religious issue" been important in our presidential election. The Democratic party's national convention in 1924 at Madison Square Garden in New York, where the Democrats will meet again in July, was hopelessly divided, with urban Catholics and Jews favoring Alfred E. Smith and rural Protestants siding for William Gibbs McAdoo—and John W. Davis emerging as the compromise candidate after 103 ballots.

The issue came up again in 1960 when Jack Kennedy, a Roman Catholic, finally won the nomination and the presidency after

proclaiming: "I do not speak for my church on public matters, and the church does not speak for me." The issue is not so prominent now, but it has been raised, not by Carter but by the questions of the press, and Carter has not hesitated to give witness to a deep religious faith.

"True Believer"

This has encouraged many voters and troubled many others. So far it is a peripheral issue, and it will probably not emerge as dramatically as it did at Houston in the Kennedy campaign, but a Carter, unlike Kennedy, is a "true believer," and for the rest of the campaign, many voters will undoubtedly be asking what he truly believes.

It is a fairly enough question. Already some of his opponents are suggesting privately that he is a "religious fanatic," who thinks he is an important instrument of "the Lord's work," but there is no evidence to support this thesis.

He is said to be a great admirer of the late Reinhold Niebuhr, former professor of Christian ethics at the Union Theological Seminary of New York, and Niebuhr, far from being a "religious fanatic," was one of the most eloquent critics both of U.S. theology and politics, and of the challenge of Communist ideology. Few Americans of the postwar world have kept a better balance between our ethical and political dilemmas than Niebuhr, or been more aware of the irony of U.S. history.

Good and Evil

In a book by that name, Niebuhr stated his philosophy in two revealing statements:

First, he said: "Our idealists are divided between those who would renounce the responsibilities of power for the sake of preserving the purity of our soul and those who are ready to cover every ambiguity of good and evil in our actions by the frantic insistence that any measure taken in a good cause must be unequivocally virtuous. We take, and must continue to take, morally hazardous actions to preserve our civilization. We must exercise our power. But we ought neither to believe that a nation is capable of perfect disinterestedness in its exercise. . . . Communism is a vivid object lesson in the monstrous consequences of moral complacency about the relation of dubious means to supposedly good ends."

Second, Niebuhr observed: "Nothing that is worth doing can be achieved in our lifetime; therefore we must be saved by hope. Nothing which is true or beautiful or good makes complete sense in any immediate context of history; therefore we must be

saved by faith. Nothing we do, however virtuous, can be accomplished alone; therefore we are saved by love. No virtuous act is quite as virtuous from the standpoint of our friend or foe as it is from our standpoint. Therefore we must be saved by the final form of love which is forgiveness."

If this also represents Carter's connection between his ethical and political philosophy, the chances are that he will gain more support by his faith than he will lose, but of course, we still do not know. He will be questioned on this in the coming months, quite fairly too, and there will be time to find out more about what he really believes.

What falsified the domino theories of the war-lovers was the Sino-Soviet split. Peking has tended to regard Hanoi as a protégé of Moscow. As part of their efforts to contain the Russians, the Chinese have worked to restrain the Vietnamese. But though rarely mentioned—though almost a taboo subject—Vietnam is plainly shaping domestic opinion. The repressed reaction to the first U.S. defeat finds expression in many crazy features of the national mood and the presidential campaign.

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Role of Peking

The Chinese have dominated the regime in Cambodia and steered it away from dependence on Vietnam. They have encouraged leaders in Japan, the Philippines and Thailand to maintain their U.S. connections, including the U.S. troop presence. Apart from the drive toward reunification with South Vietnam, there has been as a result no outward push by Hanoi. On the contrary, as the resumption of negotiations with oil companies holding concessions from the former Saigon government shows, the Vietnamese Communists are moving toward normalization of relations with Washington.

In these conditions, the spectacle of U.S. defeat has had only the most limited impact on the rest of the world. Countries look-

Unanswered Questions Behind China's War

By C. L. Sulzberger

PARIS.—The Soviet Union has always been difficult for foreigners to understand, as confirmed since the early 19th century in such memoirs as those of France's Marquis de Custine or diplomatic dispatches like those of U.S. Minister Neil Brown.

Observers frequently seek to read omen into the Byzantine precedents granted political leaders. Since the 1917 Revolution this method has applied especially to relative placement in posters displayed on public holidays like May 1.

If the Soviet Union is hard to fathom except by reliance on totemism, China is far worse. The great wall of secrecy makes it almost impossible even for Sinologists to be certain what is taking place.

Radical Faction

It is therefore interesting that Peking has just published the first photograph of Chairman Mao's new hierarchy since the ouster of Premier Teng Hsiao-ping, once presumed their apparent. This picture seemingly indicates that the Central Committee's radical faction has successfully clung to power.

Apart from Teng's successor, Premier Hua Guofeng, still widely considered a compromise choice, linked neither with the radicals nor the pragmatists, most prominent "leftists" appear to be sitting pretty.

Among those described as having "gloriously performed meritorious exploits for the party and people" during Peking riots two days before Teng was ousted, are: young Wang Hsing-wen, the Shanghai radical who follows Mao in formal listing; Chang Chun-chiao, hitherto considered "anti-rightist"; Chiang Ching, wife of Chairman Mao, and Yao Wen-yuan, one of her supporters.

Of this quartet, the closest to Mao and maybe the most influential is Chiang Ching. On Dec. 5, 1966, André Malraux, well versed in Chinese affairs and De Gaulle's special envoy to Peking in 1965, told me he regarded as immensely important the announcement of Madame Mao's appointment as cultural consultant to the Chinese Army's general political department.

Mao's Three Wives

The Chairman has had three wives. He divorced the first. The second was executed by Chiang Kai-shek. Chiang Ching, the third, had been China's leading movie actress when she joined Mao in northwest China. Thereafter she stayed out of the public eye. Malraux consequently considered her new post as significant, indicating Mao's determination to control the army directly.

and also to terminate the "lenine" of Red Guard youth.

A month after Mao's foreign press began to not London Sunday Telegraph "Her staggering with her present key position; deputy leader of the 'Revolution' has concentrated immense power in her hand. She certainly has retained husband's confidence. Last day David Bonavia, correspondent of the Times of London mentioned in a dispatch of Peking: 'It is clear that the Chairman has been manipulated in the wife's old grudges.'"

Speculation about Peking's political convulsions is one of the potential importance, archaic shifts to Peking's policy is of enormous scope on the power scale and in it to the top by this end.

Since April 5, 1966, People's Daily published contented article, it has been that Sino-Soviet relations were deteriorating. Even in 1963 (in 1962) that she mentioned in Peking, the Chairman "would be second Tito."

Moreover, from 1970 or Sino-U.S. friendship has been ed and, even if it seems what cooler, the trend been reversed. Additional tense political maneuver been taking place since flight and death of L. a previous her apparent

Moscow Ties

One now wonders if it of "radicals" appears severed with, or until has fresh ideas about up relations with Moscow. The Kremlin is in trying to find this. Last Wednesday it that if China re-examines Soviet standing "package constructive proposals" the quarrel might be healed. Chiang Ching agree? never shown much liking the U.S. connection. As does agree, can she still old (1971) husband to mind before he dies?

The answer still remains true even though some are going on. Who and example, has just ex bomb outside Moscow. Embassy? And what to do with any diplomatic relations of the internal contest to succeed Mao? ly, if any change in why did Hua lose? This nounce the Soviet Union most dangerous source of wildly ambitious but weak?

A Year After Vietnam

By Joseph Kraft

WASHINGTON—No domino has even wobbled. Still less has any major crisis supervened since the ignominious U.S. withdrawal a year ago from the ignominious intervention in Vietnam. So the anniversary of that event, last week, proves once again how wrong the war-lovers were.

But though rarely mentioned—though almost a taboo subject—Vietnam is plainly shaping domestic opinion. The repressed reaction to the first U.S. defeat finds expression in many crazy features of the national mood and the presidential campaign.

What falsified the domino theories of the war-lovers was the Sino-Soviet split. Peking has tended to regard Hanoi as a protégé of Moscow. As part of their efforts to contain the Russians, the Chinese have worked to restrain the Vietnamese.

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In these conditions, the spectacle of U.S. defeat has had only the most limited impact on the rest of the world. Countries look-

ing to Washington in Europe, South Asia and Latin America and elsewhere have not suddenly concluded the Americans were paper tigers. If anything, they have been looking more and more to the United States for help in defense and economic problems.

"Our allies," as Senate majority leader Mike Mansfield put it the other day, "are glad we're out of a war they all opposed."

As to the impact of Vietnam on domestic opinion, the subject is occasionally raised to mislead, as in the wholly different case of Angola. But an issue otherwise dominant in U.S. politics for nearly a decade, a matter pivotal in the presidential elections of both 1968 and 1972, has suddenly gone to ground. Hardly any political figure, whether Democratic or Republican, has been dwelling on Vietnam in any of the primary elections.

The reason for this taboo does not defy imagination. The country is truly ashamed of what happened in Vietnam. Any candidate who harps on the issue rubs salt into fresh wounds. So the candidates avoid the subject.

Directly, anyhow. Indirectly, however, the unwavering popular fixation on Vietnam opens the field to those who know how to play upon feelings of national humiliation.

The undoubted star in the crowd is Ronald Reagan. He has been throwing wild and disconnected charges against the Ford administration. He has called the country second in national defense, about to give away the Panama Canal and ready to foster the Soviet domination of Eastern Europe.

Mr. Ford, while occasionally hitting out at Mr. Reagan, has replied to these charges as if they

were true. He has do word "defence" from his lary, increased his closest and allowed his chief of staff to whip out to the United States foreign policy in seven years.

Mr. Reagan, in effect through a sure loss, sets for a national security. The President of the States, in keeping with Vietnam mood, is on it side.

Curious Case

The phenomenon is parent on the Demos. Since there is no can blame for losing Vietnam can any candidate him ject to advantage the marries after the fashion McGovern. But there curious case of Daniel F. Iman, the former U.S. ai to the United Nations. Mr. Moynihan, while achieving nothing at the stand up and talk long half of U.S. interests appealed to the church's sinists humbled by Viet was far more popular candidate he sought to fixate on Vietnam opens the field to those who know how to play upon feelings of national humiliation.

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Letters

Gambia's Tourism

In the Associated Press article "Tiny Gambia Pays High Price for Tourism" (JHT, Jan. 12), correspondent John Vinocur has deviated from the path responsible journalism and followed what is fast becoming tradition for some journalists to disparage the efforts of the developing countries to develop their own economies. Mr. Vinocur quotes a nameless (probably nonexistent) official as saying that we have diverted resources from rural development to tourism. The fact is that Rural Development is given top priority in our Five Year National Plan and receives 52.9 per cent of the re-

sources allocated for the Plan period; tourism gets only 5.9 per cent of the resources including finances for a scheme to provide production locally of the food required by the hotels and for an infrastructure project which will ensure the extension of electricity and water supplies to villages within or adjacent to our Tourism Development Area. Mr. Vinocur is doing both Gambia and your readers a disservice when he seeks to bend the facts by suggesting that only 25 per cent of the population has full employment; it does not matter to him what the structure of the Gambian population is and what percentage of the total population constitutes the labor

force. The fact is that approximately 30 per cent of the population is composed of children under 15 years old or people beyond retiring age. The assumption evidently is that only those persons employed in government services and by commercial firms are on fulltime employment, that self-employed people including farmers are not fulltime employees. We do have a problem in that 9 per cent (mostly school dropouts) of our urban population is unemployed; this situation is not created by the development of our tourist industry.

A.M.B. JAGNE,
Ministry of Information and Tourism,
Banjul, Gambia.

Chairman
John Hay Whitney

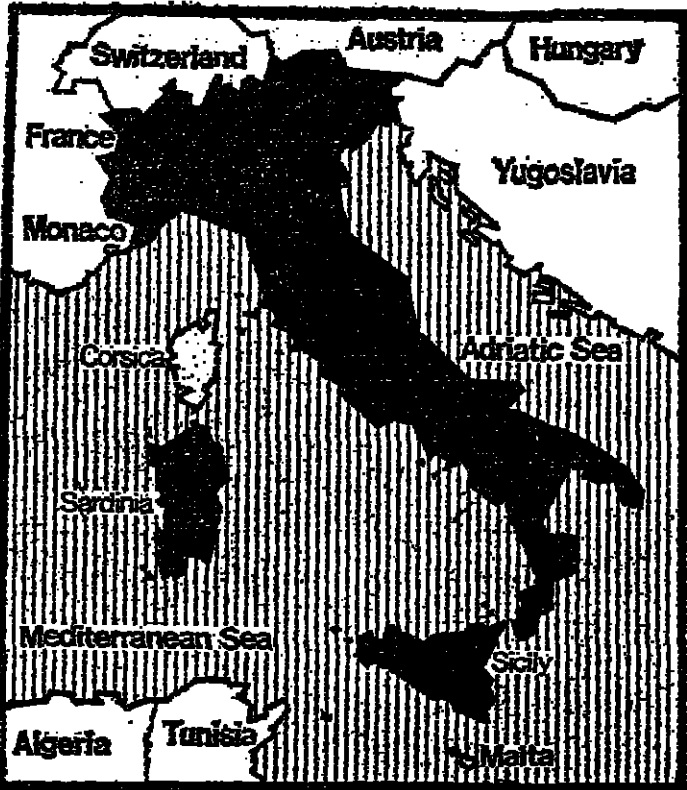
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The thing is bigger than we. It isn't just the fact that Italy happens to have some of the most ravishing landscapes in the world... The biggest hold Italy continues to have on us is the Italians.

Why Foreigners Stay in Spite of The Disturbances

By Claire Sterling

ROME (IHT).

IF ITALY is really going to the dogs, as everybody keeps saying these days, what are we all still doing here? By we, I mean the thousands of foreigners who've been living it up in this country for years: well-wined and dined, housed, served, sunned, indulged and, on the whole, elaborately well-treated. The truth is that in spite of uncollected garbage and undelivered letters, trains that don't run on time, hideous traffic jams, strikes without end, prices that look murderously high to anybody who hasn't passed through Paris or Geneva lately, and a political mess perhaps past saving and certainly past understanding, a lot of us still can't help liking it here.

THE THING is bigger than we. It isn't just the fact that Italy happens to have some of the most ravishing landscapes in the world, man-made and otherwise. Nor is it merely a matter of bodily solace from all that sun, wine and edible food—this last, alas, no longer as wonderfully edible as it used to be, but even now well up to scratch. The biggest hold Italy continues to have on us is the Italians.

FOR ALL their mixed and often maddening qualities, the Italians are easier for a foreigner to live with than almost any other people I've come across on four continents. They may break ranks with treacherous agility in the post office or at a taxi stand to get ahead of the other fellow, they may cut a sorry figure compared, say, to the Swiss when it comes to municipal neatness, upright public administration and banking dexterity, they may tend to have a superstitious dread of fresh air in train compartments, a compulsive need to talk to fellow-passengers instead of retreating decently behind a newspaper, an unconquerable aversion to any kind of food they haven't been eating all their lives, a maniac passion for driving at top speed on superhighways, an invincible sense of outraged self-righteousness when and if they crash into somebody else's car, a congenital inability to feel a personal sense of guilt about anything, still less own up to it, and an incomparably less sentimental view of their fellowman, foreign or otherwise, than legend gives them credit for. But, or and, they are still a remarkably easy people to live with.

WHAT IS far more important in these trying times, though, is the "arte dell'arrangiarsi" for which Italians are justly famous: the art of arranging oneself—surviving, that is—under impossible circumstances. Time and again in the 20-odd years I've lived in Rome, I've marvelled at the resilience, elasticity and resourcefulness of Italians who have managed somehow to make out in, or get out of, impossible political and/or economic situations. The fact that so many of them are so good at it has been self-defeating in a way. Italy's ruling politicians would probably never have dared to do so little for so long about urgent and elementary reforms if they hadn't taken it for granted that the electorate was bound to "arrange itself," however lackluster its government.

TO CONTINUE taking that for granted has become a pretty risky proposition by now. Even a population whose gifted instincts for survival have kept Italy going for three millennia might conceivably crack under the political, economic and social strains piling up here over the past decade. Sensing that, quite a few of Italy's old expatriate crowd are packing up and clearing out. But quite a few are staying, come what may, not only because of their enduring faith in the celebrated Italian "arte dell'arrangiarsi" but also in the hope that after prolonged exposure, some of it may have rubbed off on them.

FOCUS ON ITALY—1976

Both Principal Political Blocs in Italy Fearful Of Outcome of the Coming General Elections



A portent? Italian Communists cheering and waving their clenched fists in celebration of their sharp gains in the local elections of 1975.

Leftists Hesitant on Victory With Unforeseen Reactions

By Ninetta Jucker

ROME (IHT).—In the wake of the resignation Friday of Premier Aldo Moro's minority Christian Democratic government, it seems almost certain that June 20 will be selected as the date for the early national elections.

There is reason to expect that, in the voting, the Communists will outstrip the Christian Democrats as the biggest party in the country and that together the parties of the left—Communist, Socialist and the neo-Trotskyist PDUP—will overshoot the dreaded 50-per-cent mark.

Forecasts put them at 50.5 per cent but that was before the latest and most disconcerting developments of the Lockheed affair. Neither the Christian Democrats nor the Communists want an election this year; 1977, the normal term of this parliament, would be soon enough for both.

The Christian Democrats, whose elaborate political calculations have been upset by the Lockheed scandal and by the monetary crisis, have reason to fear a defeat. The Communists fear they may do too well and provoke a series of internal and external reactions whose outcome is anybody's guess.

Socialist Decision

The mistakes and the complicated political maneuvers which have made this denouement inevitable can be traced back to the Socialist party's decision to pull out of the previous government majority in January.

But the original event which sparked off a chain of happenings that have shaken Italian politics out of what seemed a permanent rut was the local elections in June.

These confirmed the impression made a year earlier by the referendum on divorce and the regional elections in Sardinia of 1974, that the Christian Democrats were losing ground.

June 1975 is a watershed in Italian affairs. Today Italians use the expression *Quindici Giugno* to denote a new distribution of power. The local elections that year showed that the Christian Democrats had fallen from 38 to 35 per cent of the vote and the Communists were on their heels with 33 per cent.

Socialists and Communists together mustered 45.5 per cent. More devastating than this for the Christian Democrats was the fact that they had lost control of several important regions (Piedmont, Lombardy, Campania) and of all the big towns where voting took place.

Vatican Fears

Milan, Turin, Genoa, Naples, even Venice had gone "Red." In Rome the Christian Democrats still held the Campidoglio but that was because municipal elections in the capital are reserved for a later date. They are in fact due this June but will presumably be deferred because of the general election.

The idea that Rome may fall to the Reds—as it assuredly will at the next vote—fills the Vatican with dismay, and pressures have been brought to bear by the Catholic hierarchy on the Christian Democrat leaders at all costs to avoid a showdown in Rome.

At that time—that is, before the monetary crisis in January and the Lockheed affair—both the Vatican and the Christian Democrats preferred the idea of a general election, for which they hoped to rally moderate Catholic opinion on the anti-Communist platform, to municipal elections in Rome, where the tale of local misgovernment is too long and too dismal to be told.

Attitude Reinforced

This attitude was strongly reinforced by the fact that, in the meantime, the abortion dispute had developed into a first class political issue and the only possible way to avoid a referendum on abortion—which has in fact been called for June 13—was to dissolve Parliament ahead of schedule. This means that, under the Constitution, the referendum must be postponed for two years.



Giovanni Leone, President.



Aldo Moro, Premier.



Enrico Berlinguer, Communist party chief.

The loss of the big towns and several regional governments was a crushing blow to Christian Democrat prestige. The Christian Democrats have been the dominant party in government since December, 1946. Their electoral power dates from 1948 when they polled 48 per cent of the votes. Sociologically the Catholic party's voting strength derived from the farmers and from the women. In three decades the farming community has diminished enormously.

More than 4 million people have left the country for the towns. Signor Bonomi's organization of farmers is still a Christian Democrat voting stronghold but its power is nothing to what

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Recovery Abroad Is a Key Element

Lira's Devaluation Encouraging to Exporters

ROME (IHT).—Italian exporters look forward to seeing business expand as a result of de facto devaluation of the lira. Even last year goods and services exported from Italy increased 3 per cent against an overall drop of 6 per cent in world trade.

This season it is hoped that an exchange rate hovering around 900 lire to the dollar will bring more tourists to Italy than all the indulgences of Holy Year. Such benefits, however, depend as much on recovery in other countries as on what happens here. Last year, for instance, the gains from tourism were partly offset by the return of some 30,000 Italian workers from Germany and Switzerland. In worldwide inflation the advantage to the payments balance of devaluing the lira cannot last very long. Three to five months, they say at ISCO, the institute which puts out a quarterly report on the terms of trade. After that the higher cost and greater volume of imports needed to feed the export drive will make themselves felt.

Italy is more vulnerable than some other Western countries because, in addition to meat, it imports most of its fuel and raw materials, and a large part of its industry is geared to finishing semimanufactured imported goods. ISCO foresees an acceleration of the vicious spiral—exports, imports, inflation.

It attributes the collapse of the lira in January to the spate of imports called in to replenish stocks after the austerity measures of 1975. The same thing, it fears, may happen now, only

faster. Meanwhile, industrial output began to pick up in December (1.5 per cent) and reached 2.9 per cent in February, compared to February, 1975.

Losing Ground

On paper, the plight of the Italian economy hardly looks different from that, say, of Britain. Like most industrialized countries, Italy lost ground economically in 1975 for the first time since the end of World War II. Its gross national output dropped 3.7 per cent (to a total of 112,358 trillion lire). Industrial output fell 9.7 per cent; total investments 24 per cent, and

fixed investments 12 per cent. The indebtedness of the administration rose from 5.7 trillion lire in 1974 to 12.4 trillion. This was mainly due to the vast increase, both absolute and proportional, of the amount of resources applied to salaries, pensions and the health service.

Unemployment increased to a level estimated at 1,100,000, while 700,000-800,000 people are estimated to be underemployed (working less than 30 hours a week).

Industrial capacity is being used at best at 70 per cent of capacity, more often around 60 per cent, and there has been extensive recourse to the unique

Italian institution of the Integration Fund. This is a fund financed mainly by employers and used to keep laid-off workers temporarily on almost full pay. The number of working hours for which the Cassa integrazione paid compensation doubled in 1975, from 156 million to 345 million. To complete the picture, it must be added that prices rose 18 per cent in 1975 and real wages 20 per cent.

In the context of world recession these figures are not outstanding. Industrial output decreased more sharply, for instance, in Belgium. What makes the situation here dramatic is the

(Continued on Page 10)

National Energy Plan Is Blocked By Political, Economic Problems

By Giorgio Fabri

ROME (IHT).—Although Italy ranks among the world's eight foremost industrial nations, it is second only to Japan in its dependency on other countries for its sources of energy, particularly petroleum. The relative stabilization in the cost of raw materials, the decline in imports (—6.1 per cent) and the expansion of exports (14.8 per cent) combined to improve Italy's trade balance in 1975, when the deficit dropped from 6.28 trillion lire in 1974 to 2.34 trillion. The determinant factor in the deficit was the heavy liability sustained by the petroleum sector (—4.755 trillion, down from 5.139 trillion in 1974).

Sparked by the petroleum crisis, the economic crisis caused an overall reduction in the consumption of energy. It also modified to some extent the structure of consumption itself, notably the growing trend toward the use of natural gas, which reached the quota of 23 billion cubic meters, 14 per cent higher than in 1974. Petroleum consumption, on the other hand, decreased from 102 million TEP (tons petroleum equivalent) in 1974 to 94 million TEP last year, mainly because of the slowdown in the country's industrial activities which led to a drop in the consumption of combustible oil. Nevertheless, the essential impor-

tance of petroleum to the Italian economy diminished only slightly, accounting for 70.1 per cent of its energy requirements in 1975, with natural gas contributing 13.2 per cent of its needs, primary electric energy (water power and nuclear power) 8.5 per cent and solid fuels 8.2 per cent.

Urgent Plans

This state of affairs clearly demonstrated the immediate urgency of a national energy program drawn up by the Ministry of Industry in July 1975 to help solve the problems of the nation's energy supplies, with particular emphasis on the development of nuclear energy. A long-term strategy not designed to bear positive results before 1982, the program is intended to overcome the formidable imbalance which now exists in the methods used to supply energy, over 70 per cent of which comes from petroleum. The program also puts forth suggestions for all matters concerning the coordination of activities and the distribution of roles assigned to the various public corporations functioning in this sector, ENEL, ENI, CHEN, IRI.

Moreover it seeks to solve the problem of a nationally directed energy policy with the proposal that a new High Energy Commission be set up, to report directly to the Council of Ministers, Pre-

mier Aldo Moro promised a parliamentary debate on this energy program after it was readied last summer. Nearly a year has passed, and the political stalemate, the country's economic problems and the likelihood of a general election in the near future, threaten to delay parliamentary action on the issue indefinitely.

The program foresees that the quota for petroleum consumption for energy in Italy will drop from 70.1 per cent to 65-67 per cent in 1980 and 55-60 per cent in 1985, thus reversing the trend that brought Italy's dependency on petroleum up from 33.6 per cent in 1955 to 73 per cent in 1973.

In any case, this source of energy will continue to maintain its preeminence for a long time to come. In view of this inevitable situation, experts stress the need to establish new agreements with the oil-producing countries where Italy would contribute to their development in exchange for petroleum. Italy could offer them capital goods, consumer goods and help in planning and building extensive infrastructures. Under such a supply policy ENI should act as Italy's top representative.

The plan proposes a more rational distribution of oil refineries throughout the country to avoid the waste in costs that

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This Section

This supplement was prepared by Ninetta Jucker, with the participation of Claire Sterling of the International Herald Tribune, and George Armstrong, Paul Cooper, Giorgio Fabri, Giuseppe Linuzzi and Livio Magnani.

The lira had a value of close to 900 to the dollar as of Friday.



Both Leading Political Blocs Unhappy as Early Elections Loom

(Continued from Page 7)

It was. As for the women, the divorce referendum showed that a big change in the traditional attitudes of Italian women had taken place.

Today things have gone a great deal further. The women's liberation movement may be divided between a great number of organizations and groups, some of them possibly more eccentric than others, but together they form a movement of undeniable political importance. The women of Italy are engaged in a tremendous battle not only for free abortion but for contraception centers, sexual education, assistance in sex problems as well as for equal rights in the factory, in the office and in the home.

Repressive Taboos

They are a force to be reckoned with for they have succeeded in overturning some of the most repressive taboos of a once rural Catholic society. The spearhead of the movement is radical but the Socialist party has also taken up the women's cause, more at first, out of political opportunism than from conviction, but the conviction is gaining ground.

The pressure which the women can exert is considerable and often goes against traditional party lines.

A case in point is the revolt of the *Unione Donne Italiane*, the big Communist women's organization, against the party line on abortion which was much nearer to the Catholic than to the Socialist position in favor of complete freedom for the woman to decide.

First Job

These sociological changes are the main reason why the Christian Democrats are losing power. Their losses in the local elections last year were also due in part to the fact that, on the very eve of the election, the voting age was lowered from 21 to 18 and this at a time when the young people were already suffering from the difficulty of finding jobs.

The problem has, of course, grown a great deal worse since then. With the recession there are today probably close to half a million youngsters in Italy looking for a first job.

As their natural electorate

shrinks, the Christian Democrats have redoubled their efforts to maintain their political hegemony through patronage. A system of government based on favors and clientelism is bound to be demoralizing and corrupting. In Italy the system has deteriorated along with the country's declining prosperity.

In fact the two phenomena are linked together in an inextricable chain of cause and effect. The party and its factions, each of which is a power center and a dispenser of patronage in its own right, came to rely more and more on the financial strength and patronage possibilities of the big state corporations which control the public sector of industry.

The result has been inefficiency and corruption and the development of a monstrous "pay jungle" of privileged stipends. IRI, ENI, IMI, ENEL, the Cassa per il Mezzogiorno, all the great "enti" have been turned to this use. The monetary debauch threatens the collapse of the entire system and is the main factor in the Christian Democrat party's disarray. It is certainly no coincidence that the Lockheed scandal struck into the very middle of this system.

Main Channel

Scandals apart, it is obvious that a political power system based on favors is doomed to collapse if it loses control of local government, since this is the main channel through which the whole network operates.

Insofar as these changes are irreversible (which, falling an externally promoted rightist coup, they must surely be), it is clear that the Christian Democrat party can never be again what it was.

But that is not to say that there is no room in Italy for a big moderate Catholic party with a normal healthy relationship with its electorate rather than a pathological rapport. The need for such a party is deeply felt in the Catholic electorate, as appears from the extraordinary popularity won by Signor Zaccagnini in the first months of his secretaryship of the party, right down to his reelection by acclamation at the party conference in March. Mr. Zaccagnini was trying to give the party a new image and a new type of political leadership.

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contraception centers, sexual education, assistance in sex problems as well as for equal rights in

the factory, in the office and in the home. They are a force to be reckoned with, for they have

succeeded in overturning some of the most repressive taboos of a once rural Catholic society.

Faction Leaders

The faction leaders were out to destroy him and he was betrayed at the last by Premier Moro, the very man he had sought to help. It was Mr. Moro who proposed and carried the election of Amintore Fanfani as president of the party's National Council three weeks after the party conference had elected Mr. Zaccagnini to the secretaryship. Doubtless Mr. Moro did this to save his government in extremis.

The party, since its conference, is divided almost equally between the hawks who follow Mr. Fanfani and the faction leaders Piccoli, Forlani and Andreotti, and the doves who flatter somewhat timidly behind Mr. Zaccagnini. Mr. Fanfani, who was turned out of the party secretaryship in July in consequence of the poor results obtained under his leadership at the local elections, maintained, then as now, that the party has nothing to be ashamed of and nothing to change, that it must stick to its right anti-Communist platform and keep faith with the 12 million voters who want it to stand as the defender of law and order, the bulwark of the silent majority.

As the prospect of a very difficult election draws near, the faction leaders evidently feel safer with a tough little fighter like Mr. Fanfani than with the honest but rather doleful Mr. Zaccagnini.

In this drama the role played by the Socialists is fundamental. At the local elections June 15 the Socialists expected to do better than they did. They felt they had pulled the chestnuts out of the fire for the Communists to gobble them up, and they panicked at the idea of being crushed between two giants, the Christian Democrats and the Communists.

Disdain Professed

Although the Christian Democrats professed to disdain the historical compromise pursued by Enrico Berlinguer, the Socialists had reason to believe that the government of the day—a two-party administration headed by Mr. Moro and the Republican party leader and supported in Parliament by the Socialists and the Social Democrats—was secretly negotiating Communist support for the economic program behind the backs of the Socialists, whom it seldom bothered to consult.

In this way the Socialists were getting the thin end of the stick for at election time they would be held responsible for the government's unpopular measures while the Communists, who were in fact keeping the government in power, would keep their hands clean. In January the Socialists forced a crisis over the government's economic measures which the Communists had been ready to discuss.

They then said they would not participate in a government with the Christian Democrats unless the Communists were in some way associated with the majority. Later they went so far as to say

they would partake in no government unless the Communists were in it too. But in spite of all this brave talk the Socialists took fright when the lira collapsed and eventually supported Mr. Moro's one-party minority government by abstaining.

That was in February, but a few weeks later the quarrel between the Socialists and the Christian Democrats broke out again over the government's economic policy, the credit squeeze which is driving small firms out of business, and the new taxes which hit the car industry and sent up prices on first-necessity consumer goods.

Simultaneously the abortion dispute flared up again as the parties tried to work out an agreement on the new abortion law which, if rushed through in time, could have staved off the referendum.

Breach Impinged

At this point the breach in the Christian Democrat party impinged on the situation. The hawks took their revenge on the doves. Piccoli, leader of the Christian Democrat deputies, rushed through an amendment to the abortion bill making abortion a penal offense not punishable in case of physical danger to the mother or when pregnancy was the result of rape.

The amendment passed with the votes of the Christian Democrats and the neo-Fascist MSI. This was throwing the gauntlet at the Socialists and indeed at the entire "lay" alignment (Liberals, Social Democrats and Republicans). The gesture also angered the PCI which was working for a compromise with the Catholics on controlled abortion. Other gestures of defiance followed. Mr. Moro reinstated Prof. Petrucci at the head of IRI in spite of his discredit over the Crociani-Lockheed affair. He had already pulled a fast one on everybody by rushing through the election of Mr. Fanfani to be president of the party. This was really part of a palace intrigue to forestall Mr. Andreotti, who expected the presidency and would certainly have intrigued to get Mr. Forlani into the premiership in case of an election. The object being, of course, to strengthen the conservative anti-Communist image of the party.

Politically the situation had become untenable. The lira continued to fall. The battle between employers and unions for the wage contracts in some of the country's biggest industrial sectors was becoming envenomed.

The Leyland Innocenti had collapsed and dozens of other important industries were on the rocks.

Acts of terrorism were being perpetrated daily against industries obviously with the object of putting more people out of work and so adding to the general unrest. Arson at the hands of self-styled revolutionary Communist groups became a daily occurrence. There were attempts on the oil companies and a murderous attack on the president of the Unione Petrolifera.

In a valiant effort to prevent the degeneration, Mr. La Malfa proposed that the six anti-Fascist parties (that is all the parties in Parliament from the Liberals to the Communists with the sole exception of the MSI) should get together to concert an emergency economic program for the duration of the present Parliament.

For a week or two hope revived until Mr. La Malfa threw in his hand after the abortion vote April 2 which poisoned the atmosphere beyond repair.

The project was revived by the Socialists in a more extreme form: an emergency government with the Communists in the majority. The Christian Democrats turned this down, but after weeks of wrangling between the doves and the hawks they came up with nothing better than a few mild corrections to their economic measures and the offer to redress the abortion bill—too little and too late. After trying in vain to persuade Mr. Moro to resign out of hand, the Christian Democrats hawks agreed with the doves to let the government go before parliament and ask for a debate to discover whether it was still possible "to count on the loyal solidarity of the majority and the constructive contribution of the opposition" to an emergency program, with a view to avoiding a general election.

The Socialists and Communists figured to vote against this motion and the government resigned. President Sergio Leone had to dissolve the chambers.

'Antelope Cobbler'

At this point the issue is complicated once more by the Lockheed scandal. President Leone is thought to be the person referred to in the Church papers as Antelope Cobbler. The other two suspects are Mr. Moro and Mario Rumor, the foreign secretary. The parliamentary commission of enquiry was looking

into the matter and planned to go to the United States to interrogate various characters in the affair.

Washington, meanwhile, has taken umbrage at the leakage here and claims that the terms of the accord with the Department of Justice have been violated.

President Leone is now in the unhappy position of having dissolved the very parliament which was inquiring into this affair and might—have had to try to impeach him. He insisted that the commission get to work night and day but there was really very little that it can do until it has been to Washington and even then it is more than probable that the people the commissioners are to interrogate do not know what happened to the money at the end.

The only people who know for a certainty are the Italian media distorters. Mr. Leone's appeal to the commission to work fast is all the more pathetic in that the whole technique of these parliamentary committees of inquiry—perfected in 15 years of pretending to look into the relations between the Mafia and politics—consists in letting things slide, which is probably what the commission meant to do this time in the hope that the scandal would blow over. That might have been the case so long as only two former ministers of defense were under inquiry, but the business is much more delicate now.

The Lockheed scandal brings us to what may well be called the leitmotiv of this whole sad story and that is the part which may or may not have been played in these events by U.S. sources.

On this there are several schools of thought in Italy, the most extreme of which believes in the existence of a design—whether attributable to the CIA, to Kissinger, to the Pentagon or to the White House is anyone's guess. What matters is the assumption that the crisis here has been deliberately aggravated from the United States with a view to discrediting every attempt at a compromise with the Communists and in the hope of precipitating a rightist solution, presumably at any price. It has to be remembered that for weeks this whole business has been accompanied by repeated warnings from Mr. Kissinger, from the ambassador, John Volpe, and from President Ford himself, that the United States will not stand by indifferent to the advent of the Communists in government in any NATO country.

Extreme View

The British Marxist historian Percy Allum, who writes a weekly column in the magazine *L'Europeo* (which is leftist but in no sense a Communist journal), holds the extreme view of the existence of a grand design of which the monetary crisis of January was the first decisive act. At the other end of the spectrum, Mr. La Malfa (leader of the Republican party and an outstanding figure in Italian politics) pooh-poohs the idea of a plot against Italy.

The whole idea, he says, is nothing but fantasy politics. "Let us keep our feet on the ground. The same thing is happening in

Japan. Why should the Americans want to destroy their best contacts?"

Between these two extremes there are plenty of Christian Democrats who are distressed and perplexed. Ciriaco de Mita, for one, thinks the country is up against something serious which it cannot fully understand or appraise. The Communist press has no doubt that an articulated and multifront effort is being made—by whom?—to undermine Italian institutions and democracy. Glisenti, Faletti of the PCI also holds that there are external provocations and interventions tending to break the constitutional setup. In the Socialist party Giovanni Mosca (deputy secretary) also wonders what Washington has in mind. It would seem, he says, that the Americans no longer trust the Christian Democrats to oppose the Communists and that they count only on the state and all that implies.

By and large in Europe the Italian question is followed with some degree of sympathy and a tolerably sophisticated approach. The emergence of the Italian Communist party as the spearhead of the new Eurocommunism with the early probability of the Communists having a part in the government of Italy is being accepted as one of the facts of life in Western Europe.

At a recent symposium organized by the Italian Institute for International Affairs, Francois Duchene of Sussex University expressed the opinion that Europe and Italy can survive insofar as the Communists are absorbed into the European community. The PCI itself is extremely attentive to the European question. On the same occasion Sergio Segre (Mr. Berlinguer's shadow foreign minister) expressed with more than usual emphasis the PCI's European viewpoint.

Mr. Segre maintains that Italy (presumably under an eventual Communist government) belongs to the West and has opted for the EEC. The rapport between Italy and the community makes sense increasingly fruitful and close.

The PCI intends to contribute to this state of affairs by giving Italy greater social, political and democratic stability and so helping to solve an economic and general crisis which is structural as well as being conditioned by the present trade cycle. Thus, according to Mr. Segre, the advent of the Communists in government will make Italy a positive rather than a negative factor in Europe. "We shall cease to be exporters of crises."

By the same token Mr. Segre insists that the presence of the Communists in government will strengthen Italy's role in NATO. NATO, Mr. Segre admitted—somewhat to the surprise of his audience—has been a factor in favor of détente, but Italy, under weak Christian Democrat governments, could give only a modest contribution. Today, for the first time in the history of this country, there is full agreement between all the political parties on foreign policy.

One speaker at the conference expressed doubts on the advantage to NATO of having the Communist government in Italy. Karl Kaiser of the West German Institute for Foreign Affairs argued that NATO depends for its efficiency on the close integration of its members, on the capacity to coordinate automatic responses to aggression and consent to initiatives and reactions.

How, he asks, can such a delicate network remain intact if the Communists penetrate into a part of it? Without wishing to contest the formal respect of treaties by the PCI, there would still be a divergence between the cultural and political allegiance of a Communist Italy and the other NATO countries. To whom would the Italian Communists be loyal in crisis? To which Mr. Segre replied, the answer depends on the crisis.

A few days ago Giovanni Agnelli, chairman of Fiat and outgoing president of the Confederation of Industries, said on Italian television: "I would not wish to stay in Italy if the Communists come into government." The remark has been criticized and deplored. And, one would think, regretted. Now the Italian papers report Mr. Agnelli's interview to Time: "I don't think we should panic about the Communists. Their behavior will depend very much on what we do. If we give way to panic, if the industrialists become nervous and stop investing and people leave the country, that will make the position of the Communists more authoritative and give the public the impression that the only stable force in Italy is the PCI."

"The Italian Communists are different from the Communist parties in power in Eastern Europe because they have had a long experience of opposition."

The chairman of Fiat hopes that the PCI will participate with the other political parties in a program of fiscal reform and investments to increase employment. Nonetheless, Mr. Agnelli admits, the eventual participation of the Communists in government would imply a total revision of the character of NATO.

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Monetary values in U.S. dollars were calculated at the exchange rate of Lit. 483.5 to the U.S. dollar.

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Nuclear Energy Program Delayed Almost a Year After Its Drafting

Continued from Page 7

in refining petroleum in cities in plants located that have little need of petroleum products, thus unnecessary transportation. The program also provides improvement in the distribution sector, which is much to be desired. The petroleum quota is to be found to take up natural gas during five years and nuclear the succeeding five years. It should provide 1 percent of total in 1980, rising to 13 per cent

gas in particular will be 18-19 per cent of energy supplies in 1980, 4 per cent in 1985, most of it in 1991. All natural gas distributed in the country came from offshore. By last year, gas totaled 8.7 billion meters, representing 10 per cent of the fuel supply. For new deposits on offshore has been found, indeed, new ones discovered. These resources, hailed as "extensive," are not yet utilized, since it requires a good deal of technical difficulty in present predictions, per cent of domestic natural gas will be supplied coming from the Netherlands, the United Kingdom and Algeria.

Global Vision

Global energy program's drive at a global vision energy needs introduces innovative factor. Up to 1980, a petroleum project to re-electromechanical sectors, and various other proved sterile. program stresses the need of diversifying the sources of energy, of re-



Branches of pipes carry liquid gas from the Montedison plant at Brindisi.

evaluating those unjustly thought to be obsolete, uneconomical or incapable of expansion, such as the development of the hydroelectric sector, coal mines (particularly those in the Sulcis area), geothermics and electricity produced from the combustion of solid urban refuse. In this context the program makes a definite choice, opting primarily for the development of nuclear energy.

Over the coming 20 years Italy is to build 30 nuclear plants of 1,000 megawatts each for a total cost of 20 to 30 trillion lire.

The Interministerial Commission for Economic Planning (CIPE) has announced that by the end of this coming August sealed bids must be received for awarding contracts to build the first eight nuclear centers. The plan is thus making a first step toward realizing its aims. To carry it out the funds allotted to the National Organization for Electrical Energy (ENEL) will be increased by 2 trillion lire in five years. These eight plants, of 1,000 megawatts each, will function on

light water, pressurized and boiling.

The exact delimitation of power, as foreseen, precludes any discussion on the choice of systems, which will be confined to the two initially indicated—the Fiat Breda group, using Westinghouse technology, and the Ansaldo nuclear mechanical group using General Electric technology. On this head the program stresses the need for Italian research centers and industry to achieve a good measure of autonomy in projecting and building the most delicate parts of the installations (the nuclear islands) with a view to becoming disengaged from the terms stipulated by U.S. patent holders. This policy is already apparent in the phase in which the program for nuclear centers is proceeding, with the installation of reactors of proven efficiency. The idea is to create conditions for greater self-sufficiency and a wider base for research and industrial realization in the future development of advanced reactors and fast breeders.

The first four centers are scheduled to be built within five

or six years and will have a combined power of 4 million kilowatts, with a capacity, once in service, of about 30 billion kWh. This will mean an annual saving of about 10 million tons of combustible oil, which is almost half the quantity currently used by ENEL.

Does the Interministerial Commission's announcement mean that a national energy program is really off to a start? Only up to a point. If the problem of the first four nuclear plants is solved, that of the succeeding four is not. Where they are to be situated has not yet been decided. CIPE sidesteps the question and declares that bids can be made even before the localization of the new centers has been decided. In this case projects will be for certain typical sites. This means that projects can be accepted, contracts awarded and the successful contractors can design the plants before any decision on sites has been taken and although such decisions may be left suspended for some time to come.

There are other obstacles to a

rapid takeoff of the project, first and foremost the political crisis. Second, there are fears that the new nuclear centers may have damaging effects on the ecology. These fears have given rise to a stream of protests which may well gather strength.

Even before the energy program took its final form, and later until CIPE finally set its seal of approval, the project stirred up heated discussion in the Cabinet. Socialists, Communists and trade-union leaders insistently demand that the issue shall not be left exclusively to the discretion of CIPE but should be threshed out in debate in Parliament.

Questions Posed

The fact is Italy's energy problem poses a number of related questions, touching, for instance, foreign policy (relations with petroleum-producing countries), international economics (the role of the multinationals), domestic policy (relations with the regions and the municipalities and the quest for a general consensus on the ultimate localization of the nuclear plants), financial policy and the problem of protecting the security of the environment and the population.

The experts concerned in the matter and the public who follow them take conflicting views on a whole gamut of questions concerning the validity of the energy program as it has been conceived. Are nuclear energy plants really the obligatory answer to the petroleum crisis which has reduced the advantage of fueling conventional thermoelectric stations with combustible oil, that is with a by-product of the refineries? With what criteria must future consumption of energy be calculated? What guarantees are to be given to insure the safety of the population in the areas chosen for sites of proposed nuclear-energy centers? For what precise purposes, in view of what development model, and for what kind of society do the promoters of the program seek to increase the production of energy or of a certain type of energy? What should be the relationship between the nation's energy policy

and its general economic program?

Clearly the controversy involves not merely this or that problem but the very spirit of the program, which many people consider overweighted in favor of nuclear development to the detriment of other potential resources, from geothermics to solar energy.

Toward the end of March, the World Nature Foundation and Italia Nostra (a nationwide organization to fight the mounting threats of damage to the country's natural and artistic glories) launched an anti-nuclear cam-

paign to which numerous scientists and intellectuals are giving support as the beginning of a powerful and widespread movement to preserve the ecology. In a public meeting the promoters of the attack denounced nuclear energy as neither economic, clean nor safe. Its presumed advantages, they said, are calculated on the basis of outdated cost estimates which fail to take into account the necessary cost of guarding the plants and neutralizing the pollutive effects of radioactive refuse.

Another argument is that for such a nuclear policy Italy would

have to depend on foreign capital, on technologies and patents in the hands of a few monopolistic groups. The risks are considered incalculable, from the possibility of unforeseeable catastrophes to thermal pollution, which could cause climatic variations and changes to the environment, as also radioactive contamination. The opponents of nuclear energy ask the government to adopt a global policy based on thrift, on a campaign to reduce wasteful spending and to allocate generous funds to research into the use of alternative fuels, first and foremost solar energy.

Chemicals' Outlook Still Troubled

By Giuseppe Liuzzi

ROME (IHT).—After sustaining serious setbacks in 1975, Italy's chemical industry is facing the same prospects this year, partly because of a consistently weak market, with profits expected to slump alarmingly.

Aschimici, the manufacturers' association, writes off 1975 as one of the "blackest" of the post-war years. While the Central Institute of Statistics estimates the decrease in production at 4.1 per cent (probably much less than in other European countries), Aschimici declares that, apart from pharmaceuticals, which rose 8 per cent, the decline averaged 12.2 per cent and 15 per cent in the fiber sector. Worse than the shrinking demand was the ratio between net profit margin and turnover: this had already fallen to a bare 1.1 per cent over the last four years and in 1975 was totally negative. In such conditions a fall in turnover is an advantage, since the Italian chemical industry is in the position where "who sells more, loses more."

Worst hit among the giant groups were Montedison and Anic. Montedison's turnover decreased 9.7 per cent below the 1974 level, with a marked falling off in basic chemicals and derivatives. The group reported a loss of 72.6 billion lire for its controlling company and of 163 bil-

lion lire for the entire group—with outside shareholders losing 43 billion.

Anic's turnover last year made another leap forward, 20 per cent over 1974, when the increase reached 83 per cent over the previous year. But this growth rate was offset by the parallel increase in losses. The company declared losses of 21 billion lire but ENI (the biggest shareholder) contests this figure and claims that the losses are at least double.

The first figures available for 1976 confirm this trend. A rise in the volume of demand is motivated by a frenetic build up of stocks of basic and derived chemicals in anticipation of a revival of exports and higher prices at home in consequence of the devalued lira. This has pushed up somewhat the turnover of Anic and Montedison. But in the case of Anic we already know that the increase of turnover has accelerated its losses, which reached 40 billion lire for January and February alone, twice the total deficit for 1975. For the year 1976 losses are expected to touch 160-170 billion lire. As for the Montedison group, its main fiber-producing unit, Montefibre, is losing around ten billion a month.

Much of the new demand is being met by imports. In 1975, for the first time, fertilizers added to Italy's chemical trade balance deficit (about 200 billion). In January and February of this

year the balance was negative for raw materials and fibers—all products in which Italian industry specializes.

The small and medium producers such as Sir and Liquigas have to some extent managed to avoid these troubles, the reason being that they also produce fine chemicals and their productive structures are more supple and require less capital.

Plaguing the mammoth groups are their excessive dependence on primary and derived chemicals, backward technology, a relative lack of specialization, oversized plants and vast immobilization of capital. Many of their plants, designed originally in huge dimensions, were working to a third of capacity in 1975.

The major groups are conditioned by erroneous planning at the outset, particularly by their specialization in the sectors of basic and derived chemicals and by their gigantic dimensions. On the other hand Italy's acute unemployment problem, which makes for rigidity in the union-protected labor force, and the high potential of the chemical industry for stimulating derivative production, make this sector one of primary importance for the public.

The predictable rise in demand can hardly solve the problem. What is basically wrong is that certain products are being turned out for which there is no margin of profit.

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Season. It gets hotter and sunnier from May on, till July and August when everywhere is already pretty well booked up. But September and October are the undiscovered months when the islands remain locked in summer languor and heat by day with the sea at its warmest.

And the sun's setting slowly stains the sky with darkening hues at night.

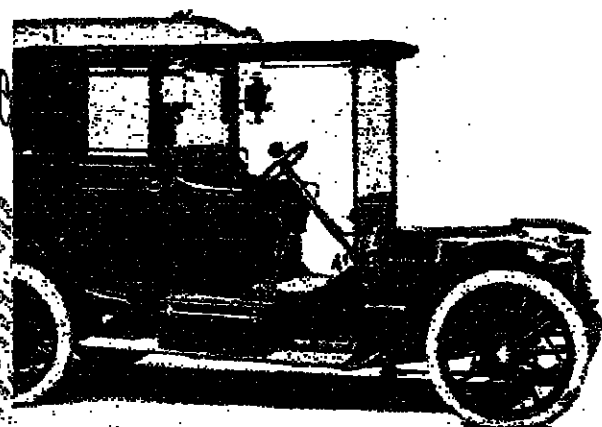
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Sand. You can stretch on white sands on the Costa Smeralda. Black sands at Vulcano. And golden sands everywhere else. No choice for the sea: it's blue.

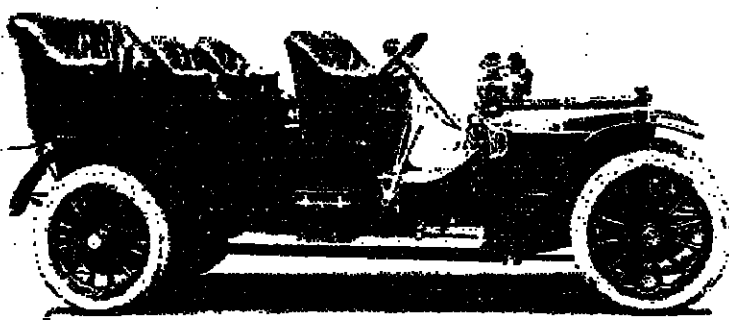
Saddle. If you like riding or would like to learn, you can do so at several of the 14 Sea-and-Sun centres. Cool, floppy hats recommended for longer outings for unsuspecting heads.

maressub

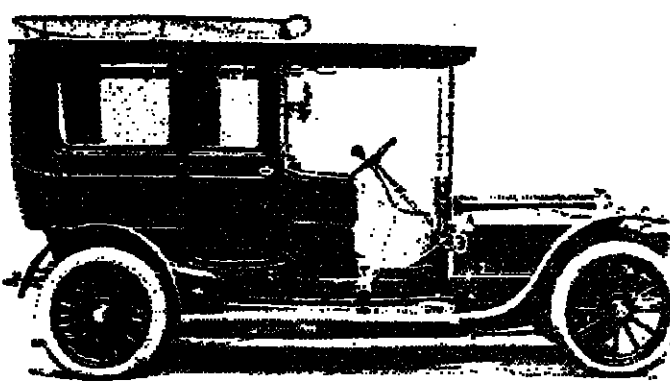
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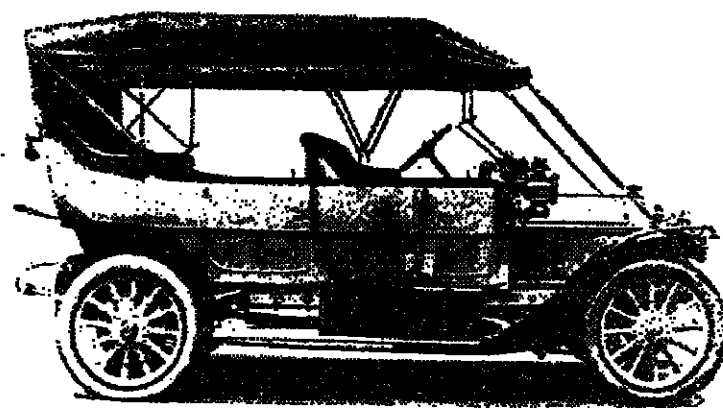
1906 4503 cc, 1300 kg



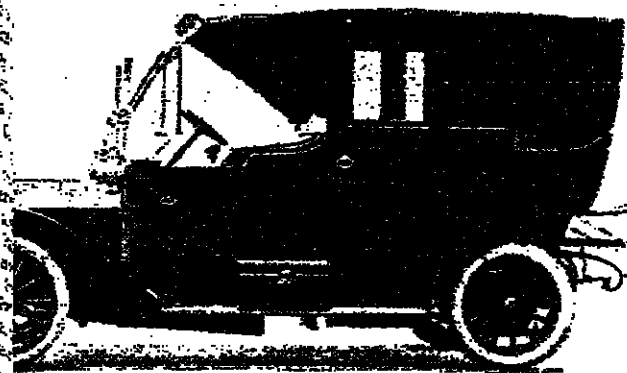
1907 10,563 cc, 1900 kg



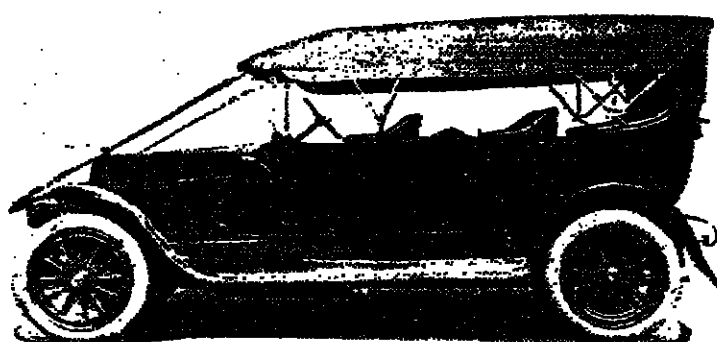
1908 7408 cc, 1670 kg



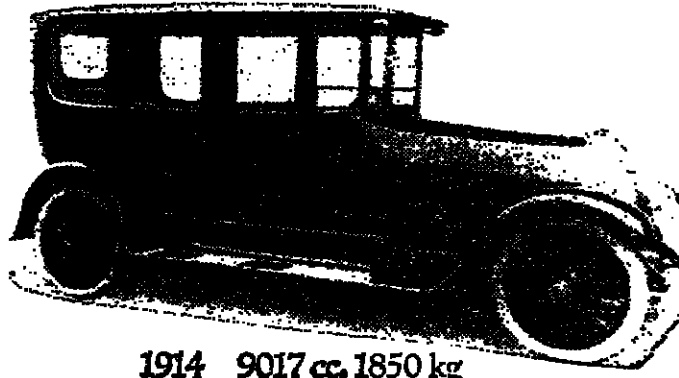
1908 4939 cc, 1340 kg



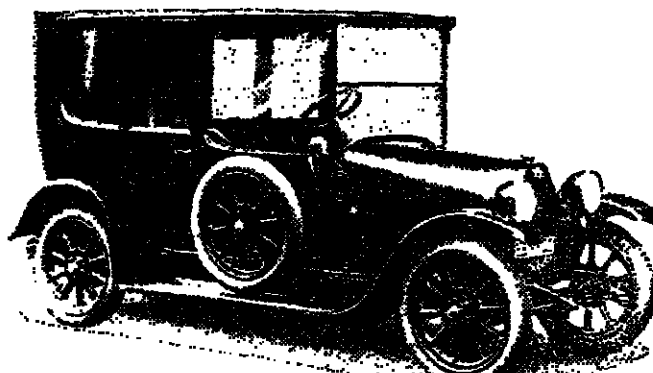
1909 3052 cc, 1350 kg



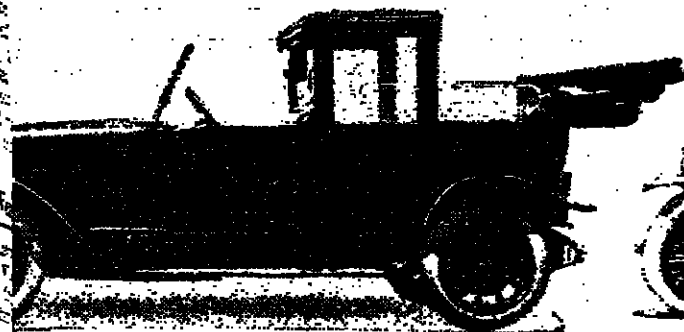
1910 9017 cc, 1750 kg



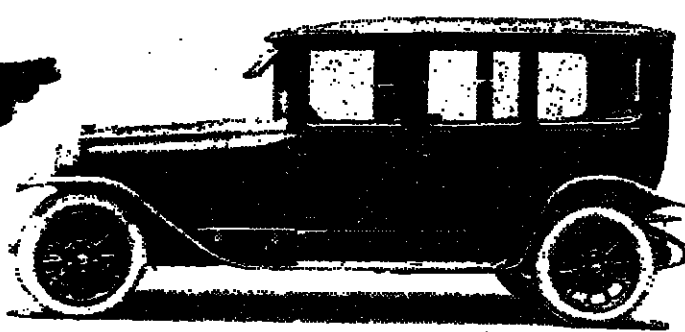
1914 9017 cc, 1850 kg



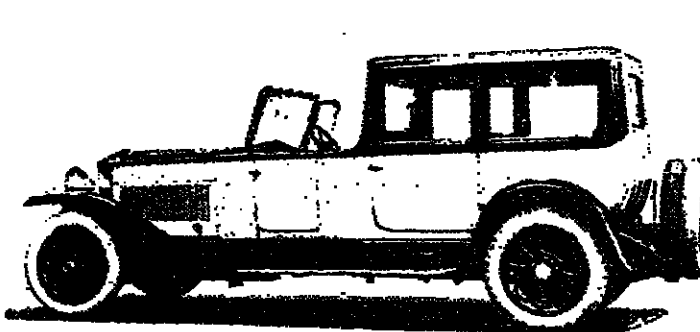
1915 2001 cc, 1435 kg



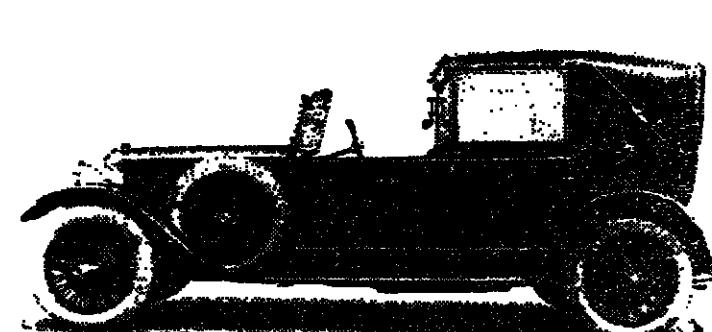
1919 2296 cc, 1540 kg



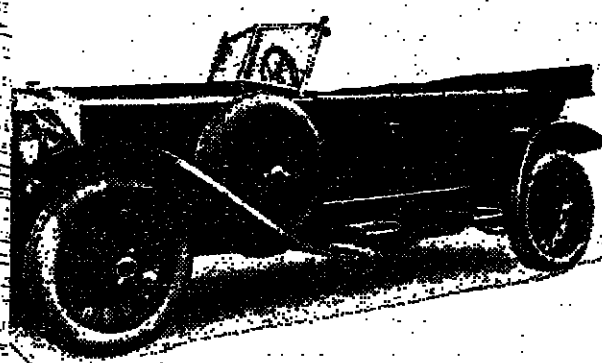
1919 3446 cc, 1570 kg



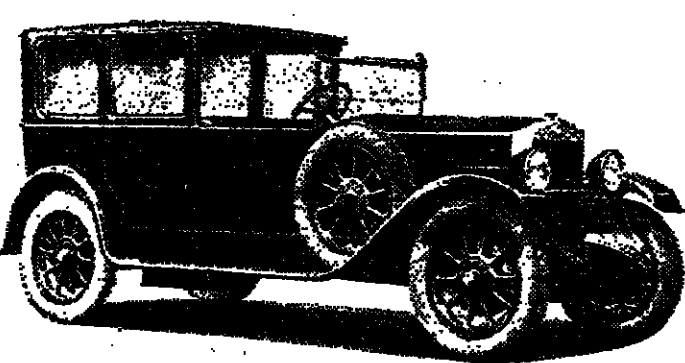
1921 6805 cc, 1850 kg



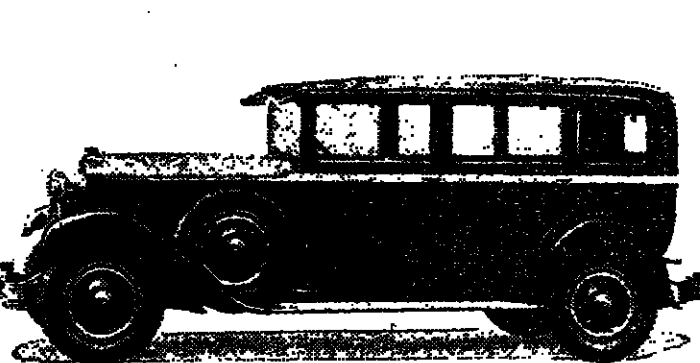
1922 4766 cc, 2035 kg



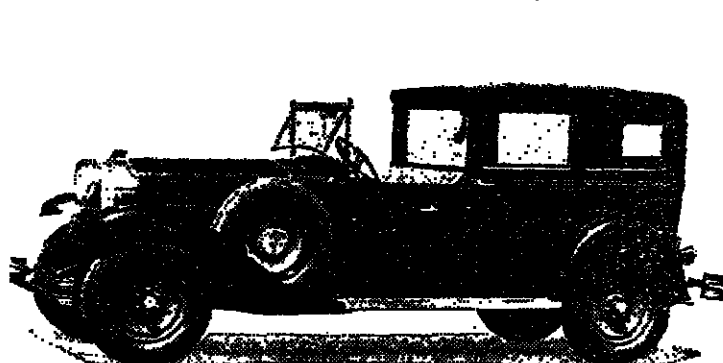
1922 4766 cc, 2000 kg



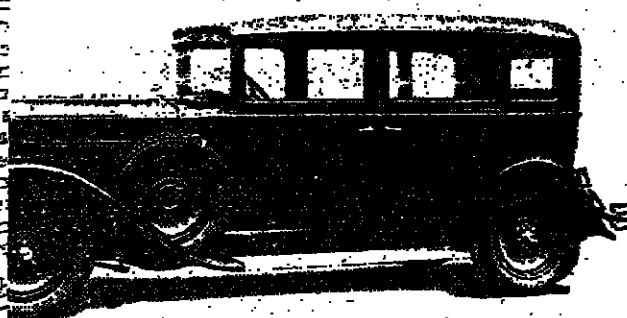
1926 3446 cc, 1760 kg



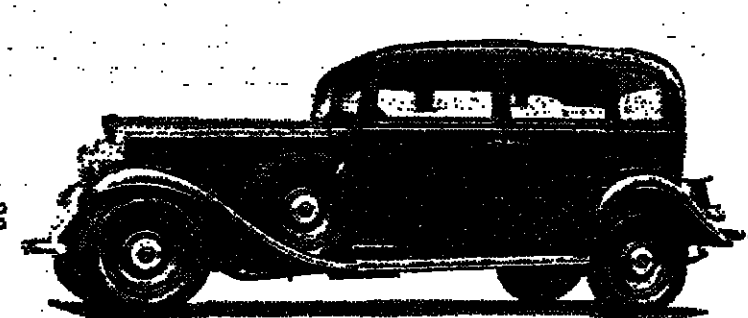
1928 2516 cc, 1460 kg



1929 3739 cc, 1680 kg



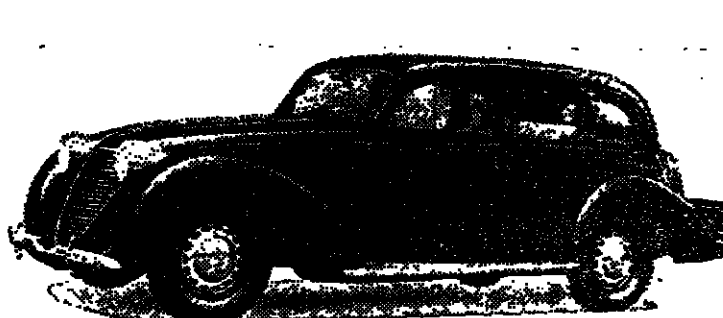
1931 2516 cc, 1295 kg



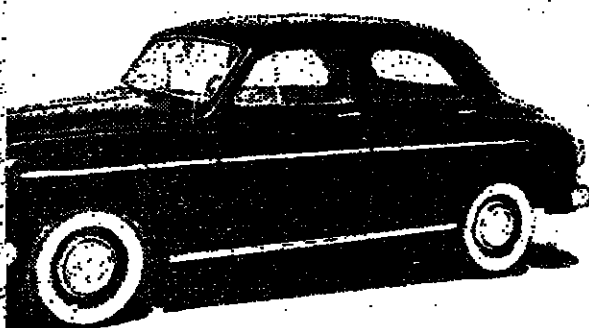
1934 2516 cc, 1435 kg



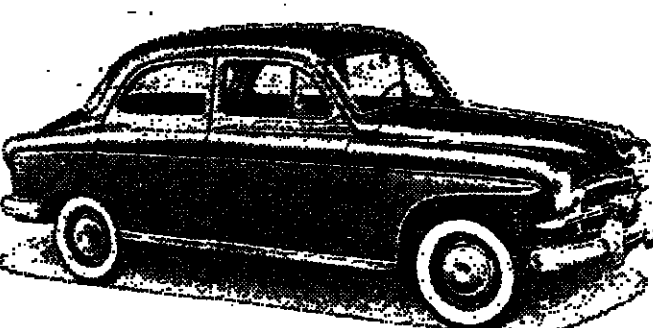
1937 1089 cc, 1300 kg



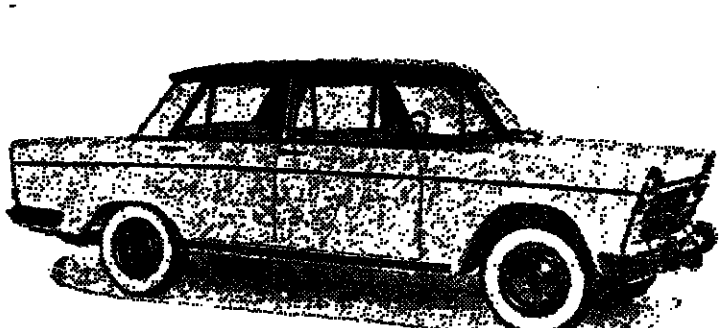
1938 2852 cc, 1855 kg



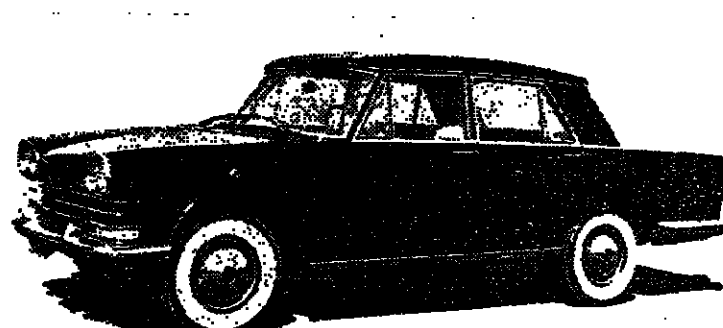
1952 1901 cc, 1200 kg



1956 1901 cc, 1240 kg



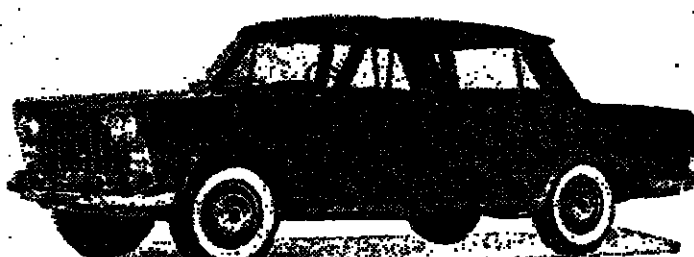
1959 1795 cc, 1230 kg



1959 2054 cc, 1300 kg



1961 2279 cc, 1320 kg



1963 2279 cc, 1285 kg



1967 1608 cc, 1000 kg



1969 2866 cc, 1510 kg

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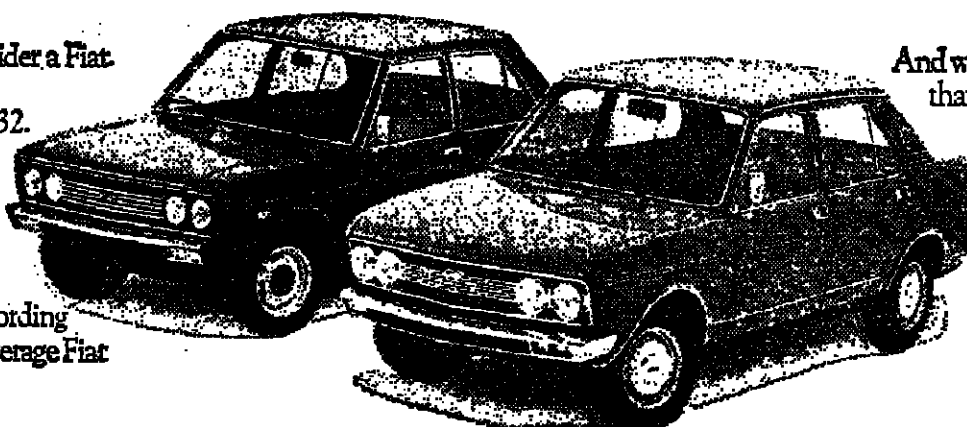
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The fact is, the 131 and 132 were built to last longer than not only small cars, but other cars in general. (This is no small feat when you consider that, according to a Swedish government study, the average Fiat will last 11.9 years.)



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Reorganization Plan for Shipping May Correct Decades of Neglect

ROME (IHT).—Italy's seagoing traditions are feeble compared to those of the Venetian republic or the ancient Roman empire. For a present-day Italian to speak of the Mediterranean as "mare nostrum" would be like boasting. Despite its 8,000 kilometers of coastline dotted with innumerable ports (though unfortunately no estuary or upriver havens worthy of development), Italy's seagoing communications are inadequate for its own industrial needs and those of its European neighbors to the north, Switzerland, Austria and southern Germany, which it is well placed to serve.

Italy's ports suffer from decades of neglect. Inadequate government investment is one problem. The other is lack of a coordinated national plan. Sporadic improvements have taken place, frequently as a result of natural disasters such as the Ancona earthquake or the Palermo gales of 1973, which destroyed the inadequate existing port structures and forced the authorities to build modern replacements. But there has been no serious attempt to rationalize Italian ports. All of them tend to do a bit of everything. As a result, they do it slower, with a less rational use of space, and more expensively than in northern Europe.

With unemployment now at record levels, an accelerated public works program modernizing and extending Italy's existing port facilities would be a cheap and import-free way of investing in future growth. Yet in 1974 the government's grand plan for port spending earmarked a mere 160 billion lire over five years, of which so far only 50 billion has been drawn (not all of it spent) for work in progress.

Civil servants have now drawn up a new plan, destined to spend 1.13 trillion lire over 10 years which, while it emphasizes the inadequacies of the existing program, does not in itself guarantee a change of heart. Italy's governing bodies are notorious for producing plans which never get beyond the drawing board.

Local Interests

The need for an imaginative national plan is all the stronger in a country like Italy where initiatives of local interest tend to take precedence over all else.



"United in the Struggle"—a protest aboard the liner Michelangelo in September 1974 against scrapping the ship.

National politicians have extremely close ties with their home province and are frequently found promoting grandiose and ill-considered projects for purely electoral reasons.

Two of the most expensive and undesirable port developments in Italy illustrate this theme. The location of a major new steel plant at Gioia Tauro, in Calabria, was forced through against the wishes of the state steel-sector managers, chiefly at the insistence of a Calabrian politician, Giacomo Mancini, former minister of public works and No. 2 in the Socialist party. The site chosen has no natural harbor facilities, though not far away, beyond the provincial boundaries, an ideal deep-water site was available. The port at Gioia Tauro will cost 100 billion lire to develop.

Perhaps worse is the decision to build a huge inland container terminal near Cagliari, in Sardinia, at a cost of some 70 billion lire. Though work has begun on the outer moles, and planning permission has been

granted, the Ministry for the Merchant Navy is still fighting the scheme, which was one of the first special projects drawn up by Italy's controversial southern development agency, the Cassa per il Mezzogiorno. The terminal is supposed to serve as a container entrepot for the whole Mediterranean. Ships would unload, reload and be off, and the containers would then be reloaded and shipped to their respective destinations on the mainland.

Costly Link

There is no doubt that Italy's ports at present are ill-equipped to handle the growing volume of container traffic, but it is hardly a solution to the problem to add an extra costly link to the transportation chain. What is needed is decongestion and greater specialization in Italy's peninsular ports. The project is a typical "cathedral in the desert" development, linked in no way to the underdeveloped economy of Sardinia. It is a capital-intensive

scheme that will bring few jobs and destroy two small but flourishing industries in the inland lagoon at Cagliari—fishing and the extraction of rare bromide salts.

Suez Canal Traffic

It was generally hoped that the opening of the Suez Canal would bring a flood of new traffic back into the Mediterranean, and more business of all types to Italian ports. Whether because of the recession or the high insurance premiums against war risk for the canal passage, the flood has turned out to be little more than a trickle.

It is a sad comment on Italian planning that the port of Palermo, more than two years after it was damaged by floods, was not geared to snap up new business when the canal reopened. The port is still not operating at its full potential. Palermo has a long tradition of servicing, refitting and repair work, and offers highly competitive prices. It

is the biggest local industry in an area of high unemployment. Palermo's new dock, with capacity for ships up to 150,000 tons, was inaugurated last month. It also has another 150,000-ton dock. By next year, when a new deep-water dock (up to 400,000 tons) is completed, the Palermo yards hope to make up for lost time and make the port the leading repair center in the Mediterranean.

Genoa, of course, remains the homeland of Italian shipping and the country's most important port. It has two medium-sized container terminals and will soon be completing a much larger and better-equipped container terminal. Its combination of insurance, bunkering and other facilities makes it more than just a loading point.

But even Genoa suffers from the lack of planning that bedevils Italian port facilities. Dockland congestion and lack of specialization or decentralization along the Ligurian littoral encourage costly delays in turnaround time.

Even more than in other industries, time is money for a shipowner, and the heavy capital outlay that container traffic calls for has led to the apparent absurdity that much oceanic container traffic is being docked in northern European ports to avoid delays in the Mediterranean. Goods are coming to Naples (not to mention Swiss or Austrian delivery points) via Rotterdam, and being sent on south by rail or motorway.

It is hardly surprising that a country with such underdeveloped port facilities should be a bush-league shipping power. Only some 20 per cent of Italy's seagoing trade is carried in Italian ships. But a dramatic reorganization of the state shipping sector, which the unions say they forced on the IRI holding company, Finmare, against its will, seems likely to redress the balance and insure that Italy is more self-sufficient in maritime transport in the future.

Finmare, grouping four subsidiary shipping lines, Lloyd Triestino, Italia Adriatica and Tirrenia, each of which had specific routes to serve, has cost the Italian taxpayer a fortune. Long after the French and the British had sold off their transatlantic Queens, abandoning the unequal competition for passenger traffic with the airlines, the Italians stuck to theirs. In fact, the phasing out of beautiful, luxury, long-making boats like the Leonardo da Vinci and the Cristoforo Colombo, will not be completed until next year.

Market Needs

Forecasting the end of passenger transport and wishing to save their 18,000 members from unemployment, the unions forced on the government a plan which was guaranteed by Law No. 684, passed in December, 1974. This was a crash program to convert the obsolete passenger fleet of the ill-managed state shipping lines into a modern merchant fleet capable of absorbing most of the displaced manpower. The plan also guaranteed work for the state shipping yards, until 1980.

In fact, nine ships have already gone into service and 28 more are on order, a mixture of conventional ships, container carriers, roll-on, roll-off ferries and specialized vessels.

Another important development



In December 1958 the Leonardo da Vinci was launched into a troubled future.

has been the formation of new joint venture shipping companies by Finmare, other state holding companies with shipping interests, and private shipping magnates. Italians are masters at the art of topping up their bureaucratic, nationally owned enterprises with a healthy dose of private manage-

ment skills through ship systems of another. Privately owned companies, of which many ready bear names like Almare and Soriana, operate with greater than the old state ones are destined to replace.

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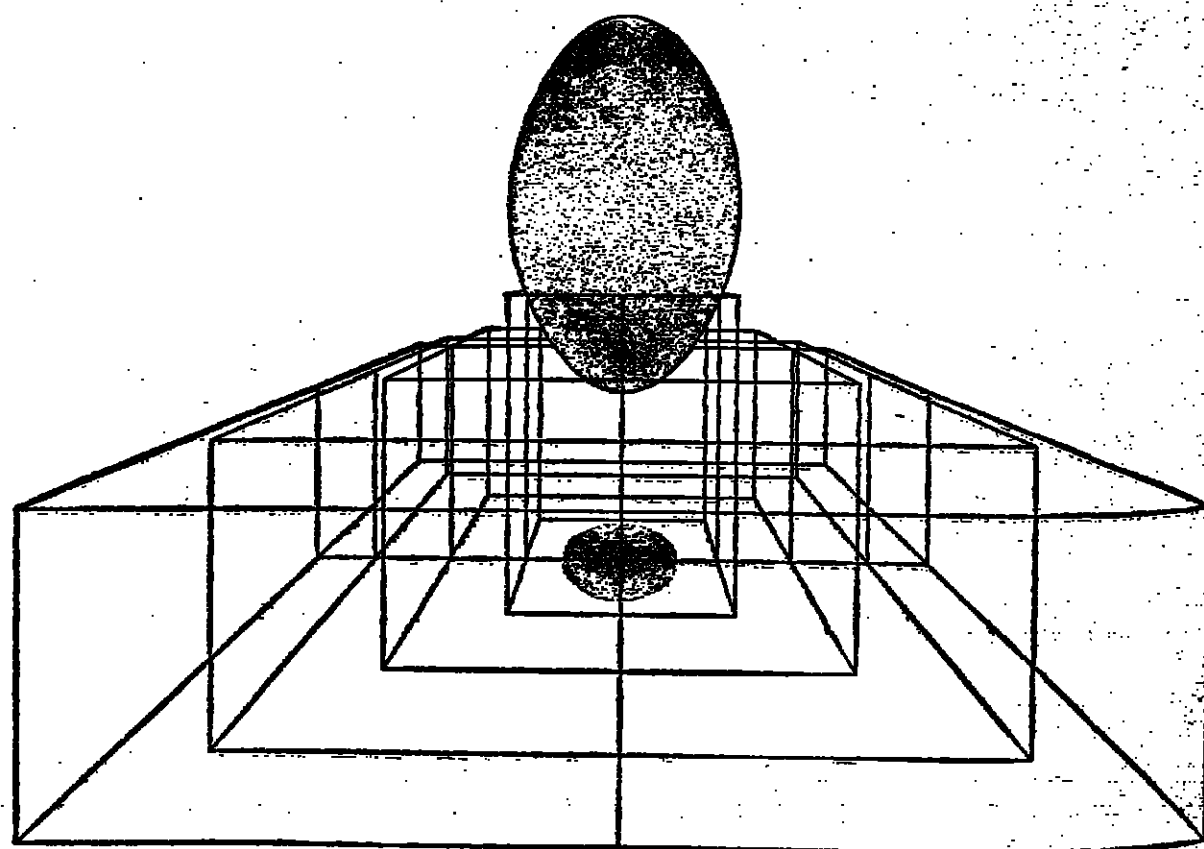
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uce Looms in Union-Management Disputes on National Contracts

IT—The long-drawn-out dispute between the unions for the national wage contract in the industrial sectors of iron, steel, chemicals, and textiles is taking on a new dimension. Months of bitter negotiations have failed to produce a contract, and the unions are now threatening to go on strike. The dispute is particularly acute in the chemical workers' sector, where the unions are demanding a 10% increase in wages. The employers are offering a 5% increase, which the unions consider insufficient. The dispute has led to a series of strikes and lockouts, causing significant disruption to the economy. The unions are now demanding a 15% increase, and the employers are offering a 7% increase. The dispute is expected to continue for some time.

The engineering unions are also in dispute with the employers. They are demanding a 10% increase in wages, while the employers are offering a 5% increase. The dispute has led to a series of strikes and lockouts, causing significant disruption to the economy. The unions are now demanding a 15% increase, and the employers are offering a 7% increase. The dispute is expected to continue for some time.

The unions are also in dispute with the employers over the issue of working hours. They are demanding a reduction in working hours, while the employers are offering no change. The dispute has led to a series of strikes and lockouts, causing significant disruption to the economy. The unions are now demanding a 15% increase, and the employers are offering a 7% increase. The dispute is expected to continue for some time.

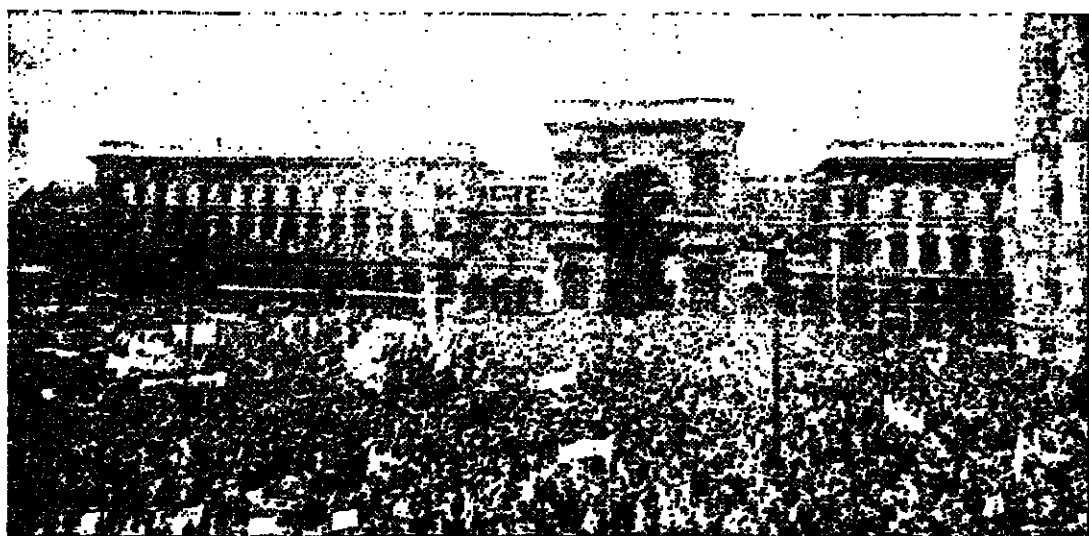
aims, the philosophy and the style of leadership of the Italian unions and the essentially conservative and corporative spirit of the TUC. Even physically, the austere and dedicated intellectuals who lead the Triple Alliance belong to a different category from the tough but cheerful extroverts who stand up for the lads in Britain. For all that, there is mutual respect and sympathy between the British and Italian union leaders, which grows as contacts between them develop in the EEC. Together they are the vanguard of a so-far non-violent movement for greater union cooperation inside the community.

The three Italian confederations together represent 75 per cent of Italy's 2.5 million industrial workers. CGIL, the predominantly Communist confederation, covers the major share, about 3.5 million. CISL, mainly Catholic, but with strong Socialist participation, follows with about 2 million. UIL, mainly Social Democratic, but also with Socialist adherents, has somewhat less than a million.

Outside the Triple, there are other unions. The CENAL is a neo-Fascist confederation affiliated to the MSI; sometimes considered a "yellow" union, it is not very large and its influence is limited. There are also the autonomous unions. These flourish more in the services and professions than in industry. They are numerous for the services, including 700,000 teachers, cover 43.3 per cent of the labor force (1.1 per cent more than industry).

The autonomous unions have a strong corporative and sectoral spirit, which brings them into conflict with the Triple. They call the wildest strikes which bring the unions into disrepute. An outstanding instance of conflict is the case of the air pilots union which refuses to be amalgamated with the General Union of Airport Workers. Their protest is one cause of the numerous airport strikes.

The three big confederations began to move away from traditional trade union attitudes after the great outbreak of protest in 1968-69. The revolt started with the students but soon passed to the workers. It was the first wave of a sort of cultural revolution, a revolt against the system bringing a trail of violence



In February of this year workers rallied in Milan's Piazza Duomo to protest unemployment and layoffs.

and counterviolence and the emergence of radical and revolutionary groups to the left of the PCI and of Fascist terrorist organizations to the right of the MSI. Today, a second wave of this "revolution" is rising with the outbreak of the women's protest and the great controversy over abortion.

For the unions, 1968 was a watershed. They realized that for the workers no less than the students the protest was against the system as a whole, against governments and a Parliament incapable of solving the social problems posed by the country's very rapid development and transformation. The protest went far beyond the traditional conflict between labor and employers.

In a country where the social services are either nonexistent or hopelessly inefficient, it was not enough to defend the workers in the factory. The field of trade union action extended from wage claims and working conditions to the wider issues of housing, public transport, schools, the health service, pensions and so forth.

The reforms which the political parties should have sponsored were taken up by the unions. For years, these reforms had figured on every government program, but no progress was ever made toward their implementation. Those that got into Par-

liament died in committee. So the unions stepped in to do the job of the parties. There was some outcry from constitutional purists, but the unions always denied any intention of supplanting the parties.

Nonetheless, the conveyor belt which was supposed, at one time, to carry the benefits of the Communist party to the CGIL began to work in reverse. The political parties, not only the Communists but all the parties of the center left, began to feel the pressure from the unions as strike after strike was called demanding the reforms. Housing and public transport figured always at the head of the list.

The fact that the political parties now stood more in awe of the unions than the unions of the parties smoothed the way for some progress in the direction of greater unity between the three confederations. Complete unification has not been achieved although it is still allegedly a common aim. It is not likely to come about so long as non-Communist union members fear the possibility of the PCI obtaining dominant influence over a united confederation. However, a high degree of integration has been reached at the summit.

The leaders of the three confederations sit on a joint action committee called the unitary fed-

eration. In all important negotiations, they act together and even in their propaganda they speak with one voice. It is often not possible from the context of a speech to tell which confederation the speaker belongs to. Lama, Storti and Vanni are a triumvirate. Together, they form one of the power centers in Italy on a par with the heads of the major parties.

The ascent of the unions was going fine until inflation and recession began in the wake of the oil crisis of 1973. The rapid extension of unemployment accentuated the dichotomy in Italy between organized and unorganized labor. The fact that a very large portion of the unemployed are young people in search of their first job was probably a decisive factor in determining the unions to widen their field of action even more.

Instead of merely agitating for reforms, they began to ask for a say in the formulation of economic policy at government level and to insist on a complete revision of the government's economic strategy and aims. It is now the practice for a premier-designate to consult the union leaders before elaborating his economic program. Unfortunately the rapid deterioration of the economy and the political unrest and violence which have

ensued have deprived this type of consultation of any practical results.

Harassed by the monetary debacle and unable to resist the pressures from Italy's powerful international creditors, governments have been unable to do more than attempt traditional stop-go measures, thus, in the opinion of the unions, greatly increasing the number of unemployed. At this point, the unions are well aware that they are not fighting from a position of strength. Unemployment, should it become really uncontainable, could break them. Hence their determination at all costs to fight deflation.

The unions have espoused the cause of the unemployed, and the unprotected, which is also the cause of rural Italy and the south. Again and again the leaders insist that the first objective of union action today is to protect jobs. Jobs before wages is a dangerous slogan and the unions are hard put to it to defend their line.

The unions say they are ready to discuss plans for the retraining of workers as required by the reconversion of industry to new types of production. They admit the need for greater mobility of labor and are ready to negotiate shifts from one sector to another, but not from jobs to unemployment, which is the basic aim of the deflationary policies that government and employers would like to apply.

Even Ugo La Malfa, leader of the Republican party and one of the more enlightened exponents of governmental economic policy, suggested recently that the best answer to recession would be to keep thousands of workers on the payroll for four years pending reconversion. Mr. La Malfa suggested that this could be done by using the Integration Fund. Recourse to the Integration Fund, which is used to keep laid off workers temporarily on near-full pay, doubled in 1975. It is a mechanism the unions distrust heartily as a first step toward total dismissal.

Ruggero Ravenna of UIL, a high ranking member of the Triple, is convinced of the existence of a deep design behind the deflationary policies advocated or silently pursued by the Confederation of Industries. The aim, says Mr. Ravenna, is to weaken

the unions by creating a vast reserve of unemployment.

Pierre Carniti of CISL, another outstanding tribune, admits the danger of dissent developing inside the trade union movement between those who think the first business of the unions is to defend wages and the advocates of the new line to defend jobs. The unions have tried to make up for their lack of aggressivity on the wages front by insisting on the demand that the workers should have a say in policy at the factory level on such matters as investments, choice of production and marketing.

Not much progress has been made in this direction, which probably interests the union leaders more than the workers concerned.

Correcting Defects

What the unions really are fighting for with widespread sympathy and support is the reconversion of Italian industry to the needs of a new world market and the correction of some of the major structural defects of the national economy. By this they mean, for instance, conversion of agriculture to replace food imports and the development of manufacturing industries for agricultural products.

They demand a reform of the administration to reduce waste and devote more resources to productive investment. They want a higher priority in government spending and attention to research. They question the government's credit squeeze and indiscriminate fiscal policy which is pushing up food prices and causing hardship for the poor.

The gasoline tax they resent as unfair to the workers, for whom they demand a basic gasoline ration. They contest the theory put forward by employers that high labor costs preclude investment. Profits, say the unions, have never been put back into industry to any extent in Italy. They demand more severe control and punishment for the exportation of capital and more severe penalties for tax evasion by the rich.

They admit that labor costs are overweighed by the very heavy welfare charges which in Italy exceed the European norm, but they deny, on the evidence of EEC figures, that wages have

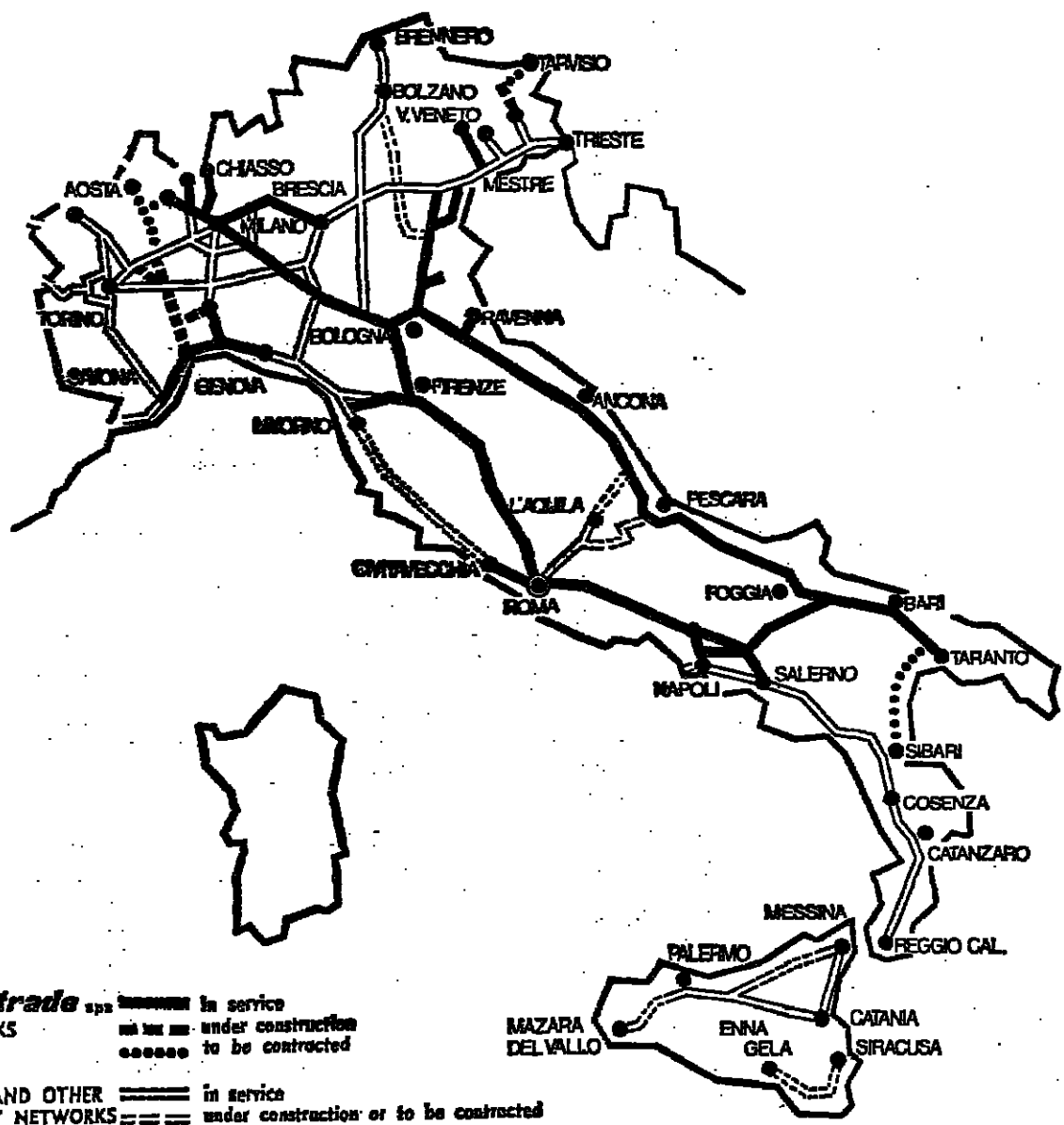
increased more in Italy than elsewhere. Above all, they dispute the theory recently advanced here by the U.S. economist Franco Modigliani that the reduction of labor costs is the first indispensable step toward putting the Italian economy back on its feet.

On the contrary, say the unions, reducing the country's internal demand will only make things worse. In any case, they maintain—and in this they are certainly right—that a policy based on unemployment and reduced standards of living is not feasible in the present political context. It presupposes the reduction of the workers and the unions to the conditions of an authoritarian regime.

The weak point in the unions' policy is the part that concerns investments. "We are committed," says Mr. Ravenna, "to the expansion of investments and the increase of employment." Where investment capital is to come from, the unions do not say. They are convinced of one thing, that they have been right to oppose the wide-scale turning away of workers in a number of big concerns. Dismissals are the only answer the employers have to the crisis. The unions claim, so far, to have prevented the implementation of a widespread design to reduce employed labor.

So the struggle continues. It is essentially a political contest and the next chapter will be written entirely in political terms. The return of Amintore Fanfani to the leadership of the moderates in view of an imminent general election is interpreted by the unions as a move in the great reactionary design to break union power in Italy.

The outbreak of numerous cases of arson in Fiat and other important industrial complexes allegedly committed by the extreme leftist Red Brigades, is interpreted not only by the unions but by all the political parties and factions of the left and center left, as part of the old strategy of tension, which was first attempted during the great period of protest in 1969. The unions have responded to the challenge by organizing internal patrols by the workers. This is an important initiative of real significance in illustrating the sort of responsible democratic action for which the unions now stand.



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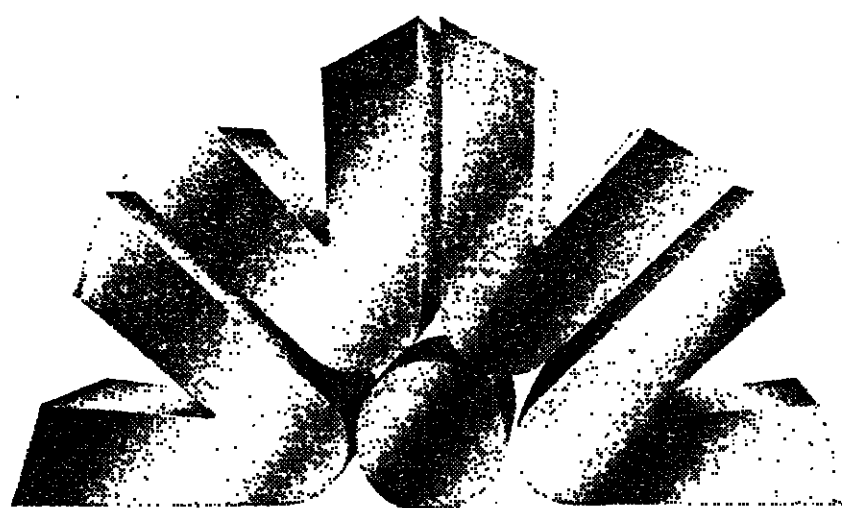
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South's Problem Is Seen as the Economic Challenge for All of It

ROME (IHT).—Among the higher-powered industrial nations of the West, Italy is the only one to export manpower. The dual economy which makes emigration a necessity is one reason why recession can do more harm here than in other European countries.

While Italy's industrial north is in trouble, the setback to its still developing south could be lasting and possibly irreparable. Economies apart, the south suffers more in terms of actual hardship.

Real wages in industry and services are to some extent protected by such devices as the sliding scale (which keeps them in line with the cost-of-living index) and the Integration Fund (which takes care of the workers when industries have to reduce production temporarily).

But where unemployment or underemployment is the rule, inflation means hunger, and in the political climate of the 1970s in the big cities of the south, hunger spells social unrest verging on insurrection. Naples is a tinder-box. Palermo, as the capital of an older and more autonomous region, has the safety valve of relief through jobs in the administration.

Incidentally, in the whole of southern Italy the public service accounts for a monstrous proportion of employment. It was always the classical method of combining assistance with political corruption and has been used with such effect in the last three decades in the south as to create a new social category.

A New Class

In good Marxist language, which Italians use freely whatever their political convictions, this is called the clientelistic or parasitic lower-middle class, to be distinguished from the productive middle class, whether employed or unemployed. By whatever name you call it, the new class is a force to be reckoned with in dealing with the south.

When a quarrel broke out some years ago between the towns of Cosenza and Reggio Calabria over which was to be the capital of the region, the people of Reggio were told they were to have a big steel plant to make up for losing the capital. They

answered from the barricades that the places the perks and the concessions in the gift of a regional capital would make more people happy than any industry. The sad thing is that, in the present state of the southern economy, they were right.

In more rigorous economic terms, recession means a drying up of resources available for southern development. Failing a political earthquake (which may or may not be imminent), it is reasonable to suppose that such energy and capital as the Italians can muster in the near future will be devoted to converting their existing industrial equipment to the challenge of new world trade conditions.

Complete Change

The south could take part in this effort only in the event of a complete change in the political direction of the economy. The Communists do indeed believe that this is possible and the party's economic experts—the only effective brain trust in Italy—are currently engaged in some hard new thinking on what to do about the south.

They have come to the conclusion shared by some, but not all, non-Marxist economists that the southern question and the Italian question are one and the same thing, to be tackled at the national level in the context of the new international terms of trade. They also believe that the conversion and integration of Italian agriculture must go hand in hand with the transformation of industry if Italy is to become a going concern in the Mediterranean economic area.

The Communists are not alone in thinking that the time has come to cease treating the south as a handicapped dependent colony to be succored as and when resources allow. The matter was thrashed out in a big symposium organized in October at Palermo by the Communist party's economic study center, CESP. The ideas discussed there are at the center of the current debate on every aspect of the economic crisis.

The southern question has mobilized the best brains and the best hearts in this country from a generation before Gramsci and Salvemini.

In spite of all the aid, the incentives and the planning, the southern economy, after making a few spurts here and there, has failed to take off. An economist compares it to a train going uphill with a defective engine which has power enough only to prevent it from slipping back. That was before the oil crisis.

Today the train is moving backward.

The great tradition of *meridionalisti* began in the 1870s when Italians perceived that political unity was hurting the south. The discussion is revived today in the conviction that partnership in the European community is contributing to depress the south.

That something was going wrong with the projects and incentives to develop the south was apparent even before the oil crisis of 1973 brought on inflation and recession. The policy of special intervention in the south began 25 years ago with the creation of the Cassa per il Mezzogiorno.

Vast Funds

Since then a vast amount of money has been poured into the south both through the Cassa and through other special agencies that have been set up from time to time. The minister of industry, Carlo Donat Cattin, reckons that not less than 23 trillion lire have gone south, enough to build six Fiat plants as big as Mirafiori.

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By and large the experts agree about the mistakes which have been made in dealing with the south. The first error was to think it would be enough to give Italy the infrastructures, the great works of engineering required to serve big industry. The Italians are the world's great civil engineers so it was natural

that they should concentrate on such works. The dams and irrigation canals built in the early period of the Cassa, when more attention was paid to agriculture, have been useful, but elsewhere there has been waste.

The great motorways in Sicily for instance, are hardly used. It will take a century to amortize the capital spent on them.

Peasant Pressure

The early effort to improve agriculture in the south was made, as the Communist party's economists very pertinently point out, under pressure from the peasant movement immediately after the war, when land-hungry peasants marched out to occupy the big uncultivated estates. The movement was placated by the land reform of the 1950s and interest in the south became concentrated on oil.

No oil was found but the Italian coast was studded with refineries after which the petrochemical industries arrived in the wake of that extraordinary character, Enrico Mattei. Mattei built the first big petrochemical center in Gela in the belief that he was really opening up the south. Other chemical industries moved into Sardinia and Apulia and along the east coast of Sicily, where the first development pole actually came into being.

The state holding, IRI, followed with its great Finisider steel plant at Taranto. By the late 1960s, it was apparent that these high-costing industries with low-level employment were not radiating prosperity in the south.

Hence the decision to turn to the motor industry. IRI's Alfa Romeo built a subsidiary near Naples to produce the new Alfa-

roméo. The plant, it seems, was badly planned and the industry is running at a loss, though this may also be because it was built just when the car industry in general was running into trouble.

In assessing the failure—or relative failure, for of course a great deal of change for the better has occurred in the south—economists today believe that it is not the size and high investment cost alone of these industries which have limited their impact on the environment.

The real trouble lies in the fact that these great complexes are self-contained organizations which have been dropped here and there into the southern environment as outposts of northern industrial organisms whose heart and center is elsewhere.

Big Firms

The industrialization of the south has been in the form of colonization by northern enterprise. The lion's share of credit and financial aid available for the south has always gone to the big firms who could satisfy the banks. Northern industrialists have put offshoots in the south merely to make profit on the differential created by the incentives and often with very little regard for local interests.

A case in point is the Jolly hotels built by the wool manufacturer Gastone Marzotto entirely on credit and in which it was never possible to get a bottle of local wine. Everything came from the Marzotto factories and the Marzotto estates in Valdarno, way up in the north.

The northern orientation of Italian industry grew stronger with the experience of the Common Market but the community's external tariffs have hurt Italian agriculture, to the advantage of the stronger and more protected

agricultural industries of the north.

The wine war with France is an outstanding example of the clash of interests and there are other conflicts. Italian cheeses are finding competition too strong in the EEC and Italian orange growers have had to destroy their best crops to comply with the Common Market regulations.

The government is accused of being lukewarm in defending Italy's agricultural interests in the community, which is true enough since the government stands hat in hand. Even Giovanni Agnelli admits that the Common Market experience tends to leave southern Italy on the periphery.

Competition Vital

The Common Market experience is one reason why the Communists insist that the transformation of agriculture and industry must proceed simultaneously. Italy has now to compete with the Mediterranean countries which produce the same agricultural products as it does more cheaply.

The answer is to develop more sophisticated processing industries and more up-to-date techniques of marketing.

Giorgio Ruffolo, former secretary of the government's planning bureau and now head of a financial agency to promote new small and medium industries in the south, believes that the potential conditions for a renewal of southern industry exist.

There is a pressing need to substitute national products for imports, particularly in the food sector; there is plenty of available manpower qualified for modern industrial techniques; there are the great infrastructures built in 20 years of special intervention in the south.

Lastly there is the nearness of the new buying and selling markets in the Mediterranean and the Middle East. Mr. Ruffolo still believes in the need for planning. The fact that all planning done so far has either miscarried or never got off the ground should not discourage new efforts.

Industry must not be parachuted into the southern environment but must be brought to life there spontaneously.

Today the only local industries are little hand-to-mouth concerns which supply a purely local demand.

Instead there is room for new industries to supply the real new needs of the national and the international markets.

Marcello Colitti, the brilliant head of ENI's chain of research economists, also believes that there are latent energies in the south which can be called into action. Southern industries need services in the shape of marketing research, technological and managerial advice.

The state should step into this field, Mr. Colitti said, the real need and respect for the local environment, two qualities which have been conspicuously lacking in the past. This is exactly the job that Mr. Ruffolo's Finanziaria Meridionale sets out to do.

It will be an advisory agency with temporary capital participation (never more than 40 percent) in new concerns.

Cultural Revolution

Within limits these ideas coincide with the Communist party's drive to encourage small and medium industry in the whole of Italy, both north and south. Napoleone Colajanni, Eugenio Peppio, Emanuele Macaluso, Alfredo Reichlin—the entire brain trust—insist that the concept of assistance to the south must be abandoned.

What is needed is a cultural revolution of the economy starting with the transformation of agriculture. It is absurd to think they say, that industry can flourish in a backward agricultural environment. To solve the problem of the south by planting industry without reviving agriculture would simply mean driving the population from the country into the towns and

into the towns and

mass of unemployed. The Communists enough that no one is rising about the context of the changed. That is they want to stop per il Mezzogiorno the Cassa has been agency of political, the interest mainly in Democracy. Pa-

no control over it its removal and from time to time. It is undoubtedly of corruption but why the Communists it abolished is a Dover which is devoted on the arguments and in the Communists are a part, or very part.

Saraceno

In the great mass to do about the one voice which is to which respect in come, while-baird the letters of the programming for Saraceno is the past mistakes to repudiate the intervention for. Planning has to cause the industry by other way never in harmony To change the situation now, but it will do no good if itself is not in the interests of the south.

Italy's map to recover a level near sufficient to Common Market in the past increasing the industry in the north as natural advantage in the south. he urges the social incentives first crisis is too strong more than state intervention is there there is no limit. There will be for the south, the resources will be more productivity in the north.

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Export Strength Brightens Grim Picture of Nation's Foreign Trade

By George Armstrong

ROME (UPI)—All the evidence and forecasts indicate 1976 once again be a difficult year for the Italian economy, and Italian foreign trade and imports in the country will follow the trend. Yet with the continuing economic crisis here, the country may be expected to improve more than that in the country itself.

Only recently it was thought had marked the blackest of the Italian economy since war, and that 1976 would be an improvement. But January-February government crisis and consequent oil price rise reversed this optimism and most experts predict a difficult year ahead.

In Italy's Budget Minister Andreotti presented his report of the 1975 financial situation, it was seen that the gross national product had actually fallen for the first time in 30 years. It diminished by 3.7 per cent.

The only positive figure to emerge from this report was the that Italian exports, despite the unfavorable international situation, increased both in value and monetary terms. A full 10 per cent of the total resources exported, and the export of services increased, at prices, by 3.1 per cent.

It had its effect on the balance of payments, an improved slightly. Where in 1974 the deficit was 6,481 billion lire (\$1,635 billion), last year it shrank to only 2,364 billion lire (\$593 billion).

According to figures issued by the Italian Institute of Statistics (ISTAT) the balance for January 1976 is slightly better than for the same month in 1975, it increased 14.5 per cent of the same month year, while imports went up 10.3 per cent. Imports in January amounted to 2,691 billion lire while exports brought in 322 billion lire for the month. The deficit was 23 billion lire more for the same month year, so at least some improvement can be seen.

The Prospects

So, the prospects for the year do not look as bright as last December, a forecast poor prospects for this year, partly due to a mismanagement of business in the near future.

The Italian economy will not fall below its potential, said the report. It helped partly by improved conditions, a forecast slow the trends of markets, a slight improvement in terms of trade and a very rapid growth of invisible earnings (and taking account of payments on the sizeable contract in 1974), current transactions are forecast to remain close to equilibrium.

Capital movements will be affected by the scheduled repayment of foreign debt. Given the options of foreign demand, unchanged policies, the half of uncertainties would seem on the side of the moderate very forecast in the course of falling to materialize.

precise statistics are still not for foreign trade figures 1976, those of 1975 will give idea of recent trends in Italy's exports. The most significant during the past year was the initial rhythm of export was not maintained and gained somewhat in the last few months. This slight pick-up during the last three months 1975, however, was repeated in 1976 figures show clearly the elementary agricultural industrial sectors were the best in the Italian export structure. The largest increase over sales was registered by the set of fruit products, which reached 754.7 billion lire (\$189.7 billion), an increase of 41.5 per cent.

The sale of Italian beverages abroad also rose notably, by 10 per cent, netting 329.2 billion lire.

In the mechanical sector, an exceptionally noteworthy progress was made in the sale of means of transport, which rose by 32.3 per cent, and in particular cars (35 per cent) and spare parts (65 per cent).

Another significant factor emerging from the 1975 figures is the continuation of the 1974 trend of increased exports towards East European and OPEC countries. There was an increase of 31.4 per cent in the volume of trade in the first group, principally to the U.S.S.R. (up 65.1 per cent). To the OPEC group the increase of

Italian foreign trade was no less than 65.7 per cent, which meant a quota of 10.7 per cent out of the total exports.

Export Figures

Export figures to the industrialized countries on the other hand remained virtually stationary (up 1.6 per cent), while those to the United States actually showed a loss in comparison to the previous year of 1.1 per cent. Losses were also shown in Italian exports to South Africa (off 10.2 per cent), Japan (off 7.3 per cent) and Australia (off 19.6 per cent). The total percentage of Italian exports to industrial countries dropped from 76.3 to 72.2 per cent, but still remained preponderant.

In its editorial commenting on the trends of last year's exports, Mondo Economico pointed out

that "the improvement in this field, with its obvious effects on the balance of payments, and in the context of diminished world demand, is the most positive side of our exports in 1975. One cannot help underlining once again however that this improvement is in great part the fruit of the lessening of imports and that this in its turn is a direct effect of the state of recession of our economy. And that cannot help but attenuate, from the overall point of view, the motives for satisfaction."

Following the bad financial figures of 1975, and the at best

cautious and at worst pessimistic provisions for this year, confidence for investment does not seem strong. With respect to 1974 the total investment figure for last year fell by 24 per cent and 12.7 per cent for fixed investments. The total expenditure was 22,433 billion lire. According to

the report of the budget minister, the principal reason for this diminished spending was above all the reduction in stocks, principally of primary materials and products in process of production.

With the 1975 figures presented recently to the Italian Cabinet by the budget minister showing a

general worsening of the situation—the 15.4-per-cent rise in prices, 25.8-per-cent increase in unemployment and 180,361,000 hours lost during labor disputes—confidence is not strong and only a slight improvement in all sectors is the most to be hoped for in 1976.

The Press Is Now Becoming More Competitive

ROME (UPI)—After long years of lethargy, things are on the move in Italian journalism. Newspapers and magazines used to be bound hand and foot to the big industrial groups and political parties that controlled them. They were more concerned with censoring than divulging information, reflecting the interests of their owners, not their readers.

Though this old-fashioned domination has not yet disappeared, it is receding fast. In recent years Italian papers have improved enormously in terms of readability. A competitive industry is being formed that will soon be ready to stand on its own feet. Press campaigns are now being carried out for their own sake, not just to serve the interests of politicians. Papers which once had a rigid political line are becoming pluralistic, offering freedom of expression to members of their editorial staff with widely differing opinions.

Public Opinion

Ownership has been a determining factor. While magazine journalism is a profitable and flourishing industry run by owner-publishers who are highly sensitive to public demand, newspapers have stayed in the hands of people whose principal interests lie outside the field of publishing. These old-fashioned owners cared little about profitability. They saw papers as a means of manipulating public opinion in their own interests. The results can be read in current circulation figures.

The average Italian reads more magazines than the average European, but only a quarter as many daily papers. It is true that Italian magazines are founded on picture journalism, but this striking difference cannot be explained purely in terms of national levels of literacy. The fact that only 11 per cent of Italians buy papers while 30 per cent buy magazines is largely due to the fact that newspapers have not adapted to meet the demands of a mass audience. Articles are still written in a flowery or obscure prose style more appropriate to a doctoral dissertation or a literary essay than a daily paper. Forty-word headlines are common.

Ownership patterns are slower to change than editorial content. At present La Stampa belongs to Fiat, Il Corriere della Sera to the state petrochemical group.

The average Italian reads more magazines than the average European, but only a quarter as many daily papers.

Sole-24 Ore, the leading financial daily, is controlled by the employers' confederation, Confindustria, while an important chain of right-wing papers published in the predominantly Communist areas of central Italy (La Nazione based on Florence and the surrounding region and Il Resto del Carlino of Bologna) belong to a private industrialist, Attilio Monti, whose principal interests are in sugar and oil refineries.

Growth Potential

But the big publishing houses have begun to invade what they consider to be a market with high growth potential. In 1974 Italy's leading daily, Il Corriere della Sera, was bought by the Rispoli publishing group. This January their big rivals in magazine publishing, Mondadori, relaunched by founding a new daily, La Repubblica, which is Italy's first tabloid and presents news in the punchy style and clipped language to which English-language readers have long been accustomed.

There are other encouraging signs. It is becoming harder in the Italy of the seventies for a paper to survive purely on political and industrial subsidies, particularly since losses are so great. The rocketing costs of newsprint and labor are forcing even the richest newspaper owners to have their papers run on commercial lines, which means among other things giving greater discretionary powers to editors.

At present there are only two or three large papers which can claim a nationwide readership: Il Corriere della Sera, La Stampa and l'Unita, the official organ of the Communist party (P.C.I.). But their circulation figures barely top the half-million mark, while competing papers with daily circulations in the 100-300,000 range rely essentially on a regional readership. In the last year or so, in an attempt to stem their growing losses, daily papers have started a healthy battle for circulation, which is taking up the quality of the national papers. Eight of them have started to print in two separate areas,

wiring copy to a subsidiary printer. In this way papers with an essentially southern or central Italian circulation are reaching readers in the north and vice versa.

Distribution Problems

Distribution difficulties are one of the major obstacles to nationwide circulation. It is still impossible for an Italian paper to go to press at midnight and reach newsstands around the country at six o'clock next morning. The length of the peninsula and the distances separating readers in Sicily and Sardinia have helped to prevent the growth of a few high-circulation national papers. But train and air timetables make matters worse. To reach readers as close as Venice or Trieste, Milanese dailies are forced to load up trucks in the small hours and belt across the Po Valley doing their own delivery at considerable extra cost.

The future tendency is for greater specialization. Regional papers will tend to become increasingly local newspapers, netting a good revenue from local advertisers and being cheaper to run owing to the natural economies of a concentrated distribution area. This will leave room for a genuinely national press to emerge, a handful of papers with higher circulation that can afford their costly overheads of national and foreign correspondents.

Rationalization is taking place in this direction, but slowly, because press losses are still being subsidized, secretly or openly. The secret subsidies come in the form of inflated advertising contracts granted by industrial groups in return for favors. The press subsidies are voted through parliament every other year, with the enthusiastic support of all political parties since, from the Communists on the left to the neo-Fascists on the right, they are all engaged in printing daily papers whose losses dig deep into party funds.

The latest law which came out in the official gazette a few weeks ago earmarks 100 billion lire mostly in the form of news-

print subsidies for the next two years. At present, dailies are losing about 80 billion a year. The government would have done better to free the industry from existing bureaucratic controls. The price of a daily paper is fixed by law (150 lire). It's the same for 4 or 30 pages. There's a 3-per-cent tax on newsprint still propping up an ineffectual state paper corporation set up by Mussolini, and a virtual freeze on distribution points, in the interests of existing license holders. Slot-machine sales are banned.

Fortunately Italian papers have had little competition from radio and television. Until very recently these were part of a state-controlled monopoly administered by the ruling Christian Democrat party and to a lesser extent by their center-left allies. Programs were appalling. This is now changing and the resultant competition can only be good for the media at large. Italy now has about twenty independent television stations, some of them transmitting programs in color, and many more private radio networks. This is excluding the Swiss, French and other foreign television programs also in color that can be received in northern Italy.

Italy's national television broadcasts are still in black and white, though RAI, the state broadcasting authority, finally won permission last year to start color transmissions, and they are scheduled to start before the end of the year.

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LIQUICHIMICA THE RESULTS OF A CHEMICAL PLAN

Liquichimica Italiana S.p.A. (Milan, Italy)
10 Via Goldoni is an Italian society working
in chemical industry. Workers: 2,400 1975
turnover: 185 billion Italian lire.

Liquichimica's ten-year plan for development, launched in 1972, is now four years old. The plan's main aim was to increase production and sales in the four branches in which the company specializes: in feeding, detergents, lubrication and fine chemicals. The company has now set about re-examining the first three years' work. Here are the results.

Feeding is now divided in two different branches. The most important concerns animal foods, based on the protein components and amino acids necessary to keep animal diets balanced, the production of oils and macroelements, and of practically all additives needed for premix production. This policy has given good results, and production of such products has therefore started ahead of time schedule. The next step is to include the production of other essential amino acids, vitamins and other special addi-

tives, so as to dispose of all ingredients necessary first-hand. The second branch is in human food. Components are basically nonconventional proteins, sugars and low-calorie substitutes, flavours, amino acids and other organic and inorganic additives. All stages of the initiative have obtained C.I.E.E. approval. Then come detergents. This branch comprehends the production of anionic tensioactives, nonionic tensioactives, special tensioactives, builders, hydrotropes, abrasives and adjuvants. The first stage of the plan has been concluded with the production of the base product to be used as raw material for successive transformation.

As for lubrication, initiative here has been to concentrate production on additives for lubricating oils, additives for mechanical-use oils and base oils for motors. This policy has found its first application

in the production of additives. The oils themselves will come next. The fine chemicals branch, to conclude, has been greatly diversified, opening out on a vast number of high value-added products and by-products. Common denominator for these productions has been, of course, raw material. The company made most of what was already free for use and made use, though partially, of intermediates and/or underproducts deriving from other branches of production.

These initiatives also have been government-approved, and the first stage of the plan will be finally completed when the Ferrafina and Basento plants get started on production. The next step will then be to complete the range of products so as to guarantee a complete integration of raw materials and intermediates, following the same policy as the one used to date.



Italy Offers Developing World an Attractive Package Deal on Steel

By Paul Cooper

ROME (UPI)—Italy's steel industry is one of the happiest examples of a state-controlled enterprise run with the efficiency and flair that is normally associated only with the most dynamic private groups. After the war the IRI group decided that self-sufficiency in steel was an absolute priority for a country which wanted rapid industrialization and though Italy is virtually without the necessary raw materials, it launched an ambitious crash program, building high-capacity integrated steel plants on coastal sites, and tying up a series of long-term contracts with primary producers to supply them.

Thanks to the vision and the steady nerves of Oscar Sinigaglia and his team, Italy has a modern and competitive steel industry. It's the Taranto steelworks, for example, which was expanded in three separate phases, now has a production capacity of 10.5 million tons and with its five blast furnaces in a row is the largest integrated area complex in Europe.

Accusations

The state holding companies in general and the IRI group in particular have been coming under fire lately, accused of corruption, and the creeping paralysis of their management structures through political interference. These accusations are well-founded, but they do not yet apply to the entire group. Finisider and its subsidiaries show no signs of being tarred by the politico-bureaucratic weaknesses that have shown up at other levels in the IRI management. On the contrary, the way in which it reacted last year to a 23-per-cent drop in domestic demand by mounting an aggressive export drive and increasing its share of the shrunken domestic market demonstrates their management efficiency.

Despite the slump in domestic consumption, down by 5.3 million tons to a total of 17.5 million, actual steel production fell by only 1.9 million to a total of 21.9 million tons. Imports dropped by 28%, while exports rose 30%, thanks largely to the efforts of the state group. Finisider in fact had the lion's share of this in-

creased export volume, doubling its exports from two to four million tons in finished product weight, equivalent to 67% of total exports. A large part consisted of goods with a high value added content such as Finisider's steel tubes. In fact the group's export sales last year were worth 1,500 billion lire, nearly 90% of total turnover at 3,200 billion lire. It is worth adding that these exports were paid for in dollars at the predevaluation rate. The Taranto tube works, for example, is in the process of completing supplies for the Sumed pipeline which will take oil from the Gulf of Suez to the Mediterranean, a project that has so far brought the Italians \$400 million, and negotiations are under way with the Egyptian oil authorities for the construction of new pipelines.

By Livio Magnani

ROME (UPI)—Italy's monetary crisis essentially reflects a deeper disorder, disturbances of the nation's economy which have gradually been growing worse over the last six years. The new governor of the Bank of Italy has expressed the opinion, in an interview which caused something of a sensation here, that inconsistency between the structure of real wages and the "productivity of the system" is at the core of the nation's current economic woes.

Statistics tend to support his view. Between 1969 and 1975, the production system's unit labor cost rose by 123.3 per cent while productivity increased by 16.5 per cent. This disparity is considered the key factor in the 35-per-cent inflation that has occurred during those six years and a prime contributor to the heavy deficit in the balance of payments, a deficit which has destroyed currency reserves and led to the borrowing of \$15 billion abroad.

The foreign-trade deficit has, in turn, prompted credit restrictions, which helped produce a recession that has lasted since September of 1974 and last year reduced the gross national product by 3.7 per cent.

It not only has the export capacity to supply finished materials. It offers know-how in planning and project design and the services of its growing industrial engineers and civil engineering contractors.

Italy offers countries in the developing world an attractive package deal. It not only has the export capacity to supply finished materials. It offers know-how in planning and project design and the services of its growing industrial engineers and civil en-

gineering contractors. Its industrialization process was so rapid and so recent that it is better qualified than many higher technology industrialized countries to offer the developing world the services of its growing industrial engineers and civil en-

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variety of specialized subsidiaries of which the most important are Italimpianti, INNSE, Montebelloni and CMF. They contributed 300 billion lire worth of earnings to the group last year.

The biggest single overseas contract was the deal with the Soviet Union to supply two and half million tons of large steel tubes over five years. Since the Soviet Union does not have a dollar trading surplus, most big contracts are barter rather than cash contracts. Though part of the bill will be paid for in convertible currencies, a bigger part is being settled by payments in kind—crude oil, coal and scrap metal. A deal like this is particularly suitable for a country like Italy which has to import most of its raw materials and needs to assure its supplies on a long-term basis.

Though the overall balance of trade for the Italian steel industry shows a credit, showing is weaker in technology areas such as the production of special steels. Steel production has gone up by 17% for the period of 1970-74, but the same period special steels increased by only 16%. Italy tended in the past to be an importer of special steels.

Modernization

Flat, however, which is a large producer, costing 600,000 tons out of a total of 2.7 million (half a million in 1974), hopes to be in the balance and plans to increase its production of special steels by 10% in the next few years. They are in the middle of modernization process, replacing their old Martin furnaces with electric ones. They received a 12-billion-lire loan from the EEC for this program, of which was on easy terms because of the advanced nature of the technology.

Naturally it has not been a happy year from the point of view. Like most steel firms the Italian producers will have heavily lost. Flat steel with a turnover of 1 billion lire will go into the for the first time to the 70 billion lire. The result is that the group are not yet in a position to clear up this year's very considerable losses. The total capacity of the steel industry is now 27 million tons but production is not expected to go much above 24 million. For a steel industry like this, steel production is a heavy burden, particularly in Italy where companies tend to be unbalanced and to rely heavily on bank loans which, with the rate now at 18 per cent, are most expensive in Europe. A price has to be paid for growth. The important thing is that Italy is not a modern steel industry. Under its domestic steel industry, the largest steelmaker in the future is in 1975 the success in exporting its surplus capacity, establishing its world market as a net ex-

Monetary Crisis Reflects 6-Year-Old Series of Deeper Disturbances

Every sector of productivity is unsatisfactory

in Italy, and the mass of wages greatly exceeds,

in its purchasing power, the level of internal

production. Six years of widespread redis-

tribution of income have brought workers'

revenues up from 57 per cent of GNP in 1969

to 72.9 per cent in 1975.

the ceiling of indebtedness and banks begin to refuse further loans, the company finds itself trapped by labor laws and the social-political setup which together prevent it from firing or laying off members of its work force.

Take-Over

The firm is faced with the prospect of declaring itself bank-

rupt. But talk of such an intention frequently leads to the occupation of a factory by the employees. A workers' council then comes to Rome for talks with government officials. Mass demonstrations are followed by negotiations with genuine or bogus potential purchasers of the company, and this phase then gives way to the firm's acquisition by one of the ever more numerous public agencies. The Leyland

Innocent example is only one of hundreds of such cases.

In this way, the means of production are gradually being transferred from the private to the public sector in Italy and Italian unions, which are convinced that public ownership is good for their members, are happy about the transfer of production control and refuse to give up their policy of permanent conflict with private ownership.

Another factor curbing the amount of money available to industry is the tendency of members of the public to withdraw from stock-market investments and concentrate their money reserves in family savings—bank and postal deposits which have grown from 78,300 billion lire to 97,900 billion lire between 1969 and 1975. As a result of shareholders' withdrawal from the stock market, there have been ignored the inflationary trend and reached an all-time low, equal to the level of 15 years ago.

Deprived of normal cash input by stockholders, industries face strictures on another source of income—bond issues. Private firms' bonds are subject to heavy taxes on dividends, whereas much

lighter taxes are imposed on bonds of public corporations.

To cover their cash shortages, industries can only resort to short and medium-term loans from commercial banks and long-term loans from special agencies whose activities are closely controlled by the Bank of Italy.

In this way, new distortions of the traditional free economy arise. In industry, the ratio between risk capital and indebtedness has not only reached a historic minimum but is out of all proportion to the ratio in other nations of the European Economic Community. It is therefore not surprising that the banks are tending ever more frequently to refuse new loans to the private industrial sector in this country.

With the buildup in the liquid savings of families, bank deposits have expanded exceedingly.

But the banks' picture is not a rosy one. Their liabilities tend to be in sight deposits or short-term commitments while their assets are generally long-term in nature—investments in industrial or public-sector bonds. Under this developing situation, if the banks are forced to make good on their sight deposits on short notice, they will not be able to meet their commitments without help from the central bank.

CTIP: The importance of diversification

This large Italian Engineering Company, which has been successfully operating on the international market in the petroleum and chemical sectors, is now present in the nuclear field.

An important agreement has recently been reached with Stone & Webster Engineering of Boston.



CTIP is an international organization with affiliates throughout the world. The head office (photo) is in Rome in the EUR business district. This office, where there are more than 1,000 employees including graduate engineers, technicians, designers and specialists, is supplied with the very latest equipment including complete model shop facilities and a large Computer Center.

CTIP is an engineering company specializing in the design and engineering of plants for the petroleum, chemical, petrochemical, bio-chemical, pharmaceutical, food processing industries and of other industrial plants.

In over 40 years of activity CTIP has not only become a leader in the petroleum field, but it has also diversified into all sectors of economy and built complete industrial complexes throughout the world, on behalf of almost all the major international companies.

The share capital of CTIP is entirely owned by BASTOGI INTERNATIONAL which can provide it with its operative and financial backing for any project to be carried out.

Engineering companies are actually at the basis of every development process of industrial activities, beyond the simple technical know-how for the erection of plants.

Through its own Process & Development Department, CTIP has been responsible for many grass-roots projects and successful innovations that have later become standard practice in the industry and it has established a close working relationship with practically all the leading process licensors and research institutes in the international field.

CTIP provides the process industries with the full range of services required for the plant planning, design and construction. Whatever the project, wherever its location, CTIP can provide these services custom tailored and designed to meet specific job requirements. For any project CTIP is ready to take on total responsibility, under a single contract, for complete project execution, in the following fields of activity:

- Petroleum refining;
- Chemical, petrochemical plants;
- Bio-chemical, pharmaceutical and food processing plants;
- Fossil-fired electric generating facilities;
- Nuclear-powered electric generating facilities;
- Industrial plants;
- Offsite facilities;
- Environmental control.

Petroleum refining

Modern petroleum refineries are highly automated and integrated complexes, consisting of many processing units and respective auxiliaries, designed for safe and efficient operation.

It takes a highly qualified organization to plan, design and construct today's refineries. CTIP has the opportunity and capability of executing projects of any size anywhere in the world.

Whatever the project, CTIP can provide the comprehensive range of services outlined herein, custom tailored in order fully to meet specific job requirements. Of particular significance is the contribution CTIP can make in the early planning and development stage of projects. CTIP's broad experience of this specific stage resulted in significant reductions in plant investment cost, increased operating flexibility and reduced operating and maintenance costs.

Chemical and petrochemical plants

The rapid expansion of technology has generated countless new products synthesized from

the raw materials nature has provided.

As the number of these has grown, so has the number and diversity of processes to produce them.

This particularly applies to the petrochemical and chemical industries, where a remarkable development of most sophisticated and automated industrial complexes has taken place.

The technological complexity of such plants requires a highly qualified engineering staff in order to provide maximum efficiency and safety of operation at the lowest possible cost. CTIP has actively taken part in the world's chemical and petrochemical industries by developing, in co-operation with many international companies and process licensors, advanced production processes.

Bio-chemical, pharmaceutical and food processing plants

In the world's bio-chemical sector CTIP occupies an advanced position.

CTIP bio-chemical engineers have worked with biological systems and materials of biological origin for many years and have directly contributed

to the development of fermentation processes, of enzymatic conversion and the biological treatment of wastes for the pharmaceutical and food processing industries.

CTIP experience in the biological field covers kinetic studies, process evaluation, process scale up, optimization of fermenter design and design of enzymes systems, as well as of recovery and separation operations.

CTIP has designed and built the largest bio-chemical complex in the world.

CTIP is well aware that the application of technology will develop well beyond the present-day concepts and that bio-chemical engineering will play a predominant role in the future industrial development. CTIP is now committed to a basic and applied research programme in co-operation with an international organization specializing in this field.

Nuclear-powered and fossil-fired electric generating facilities

CTIP and STONE & WEBSTER Engineering Corporation have concluded an important co-operation agreement under

the terms of which CTIP will be entitled to use S & W's technology in connection with the engineering, design and construction of nuclear-powered and fossil-fired electric power generating facilities. The agreement also provides for CTIP personnel to follow specific professional orientation and training programs in S & W's offices, for which arrangements are currently being made. By uniting their respective experience and capabilities CTIP and STONE & WEBSTER will be in a position to contribute effectively to the solution of many operational problems connected with the construction of such facilities both in Italy and internationally.

Industrial plants

CTIP has expanded its operating capability to meet the requirements of a growing number of industries.

Today CTIP can provide complete engineering services for industrial projects of any kind in the field of rubber, ceramics, glass, pulp and paper, heavy machinery, transportation equipment, electrical utilities and equipment.

These services include the following:

- Site planning and utilization;
- Architectural and structural building design;
- Materials handling and storage (manual, automatic, computer control);
- Packaging (filling, cartoning, bagging, storage);
- Approval by the control authorities (FDA, USDA, CFP, etc.);
- Heating, ventilating, air-conditioning.

Offsite facilities

Offsites represent a major part of a plant's investment cost and their integration with process-

plants will permit considerable savings in plant investment and operation costs. This problem, already important in the past, has become today, owing to the energy and water supply crisis, of absolute priority. Conscious of all these needs, CTIP has established a group of engineers specializing in the design of systems to support all process operations including:

- Water supply, storage, treatment, distribution, reclamation and re-use;
- Steam generation, distribution and control;

- Power generation, distribution and control;
- Air for process and instrument control;
- Refrigeration for processing and storage;
- Cryogenic and underground storage;
- Marine, rail and road terminals;
- Fire protection and security.

Environmental control

Environmental protection and pollution control raise increasingly challenging and complex problems.

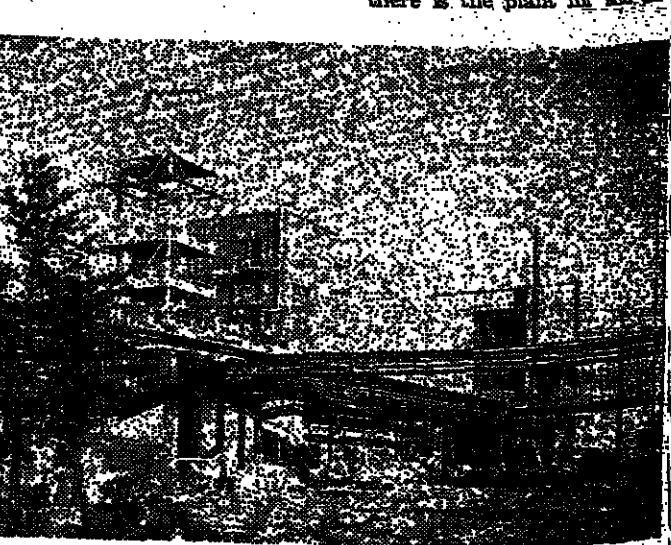
CTIP is now completing for LIQUICHIMICA RHOENI (near Livorno) the largest industrial complex in the world for the production of citric acid, amino acids and bio-proteins. Among the recently completed projects in the pharmaceutical sector there is the plant for the pro-

duction of antibiotics built for SQUIBB, near Rome, and FERMION OY, Finland, and a complex at Livorno for DOW CHEMICAL for the production of polyurethanes.

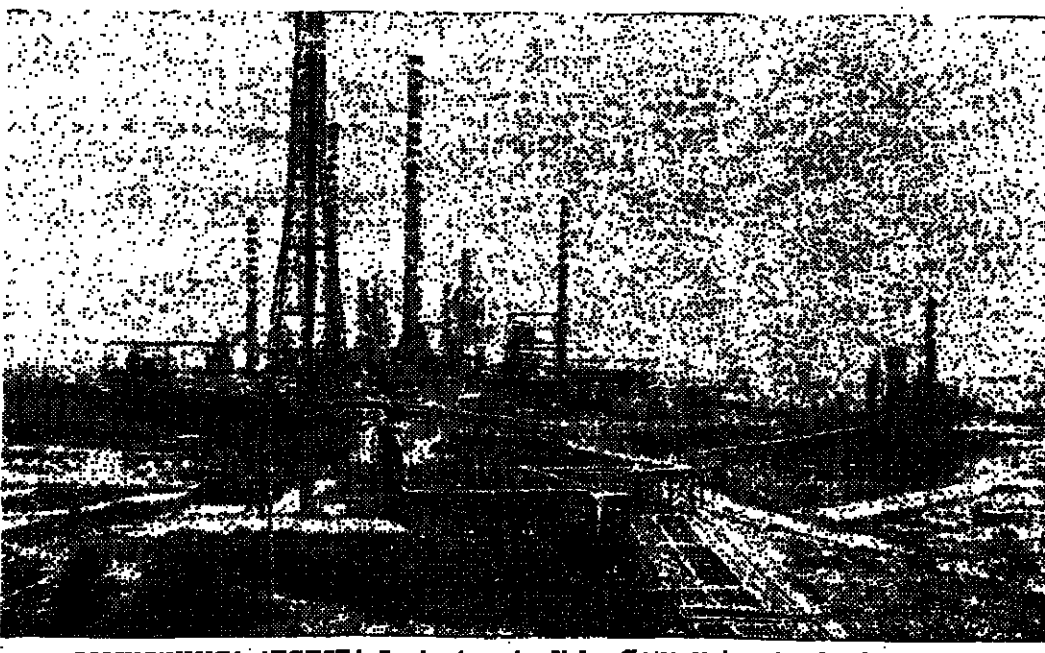
Among the projects carried out abroad must be mentioned the ESSO A.G. refinery, Hamburg and the Selenia refinery in Sweden, which with its U.S. \$350 million investment capital represents one of the largest contracts ever placed with an international engineering company.

CTIP main offices are in Rome and it operates with an extensive staff of over 1,000 among which are engineers, technical and technical assistants. Its operative capacity amounts to about one and a half million of project working hours per year.

With its 40 years of activity CTIP represents one of the leading engineering companies operating at an international level.



FERMION OY, Finland—Grass roots pharmaceutical plant.



LIQUICHIMICA AUGUSTA S.p.A., Augusta, Italy—Grass roots petro-chemical complex.

Hidden Indicators of Health in the Auto Industry

ROME (ITT).—Italy's astonishingly rapid postwar growth was founded on the auto industry. Throughout the 1950s and the 1960s car circulation increased by 18.5 per cent a year against a European average of 12 per cent and U.S. growth rate of only 1 per cent.

Fueled by its expanding home market, the industry was able to invest heavily in the latest mass production technology and carve out for itself a bigger share of the world market. Between 1950 and 1970 Italian vehicle production rose from 1 to 6 per cent of the world total. Car production rose from 1 to 7.5 per cent.

But the golden years are gone. The domestic market growth rate which outpaced the European average is now expected to fall behind: zero growth rate against 1.8 European average for this year; 2.5 per cent over the next five years against Europe's 2 per cent. Italy floundered deeper in the recent recession than the other industrial countries and is taking longer to recover.

The Germans sold 2.1 million cars last year and expect this year to reach 2.3 million, the peak year reached in 1972. French sales are already closer to Germany's production than the Germans. But Fiat does not expect a return to its previous peak production levels before 1979.

Though there has been striking growth in the state-owned Alfa Romeo group recently, the automotive industry is almost entirely in the hands of the Fiat group, which is also responsible for the production of Lancia, Autobianchi and Ferrari cars and is controlled by the Agnelli family through a minority shareholding.

Fortunately for Italy, the Fiat group is of multinational dimensions and is the most widely diversified auto manufacturer in the world. This and its traditionally cautious accounting procedures enable the group to face the future with confidence. Bankruptcy, which has driven other major European automobile producers into the hands of the state, does not threaten Fiat.

Depressing Balance

To anyone unfamiliar with

allian accounting practices,

its recent balance sheets look depressing. For the third year running, shareholders are getting their 100-lire dividend out of reserves at a cost to the company of 30 billion lire. Declared profits for the last three years look like disguised losses: 261 million, 36 million and in 1975, 107 million lire only. For a group with 3,750 billion lire turnover these seem disaster figures, but they ignore two things.

The first is that Fiat, unlike BLMC, Britain's leading motor manufacturer, has always plowed a large part of its profits back into the business in the form of new investments. In 1973, these had already reached 227 billion, and in 1974 at the height of the car crisis, investments rose to 353 billion lire.

The second fact is that Italian tax law, never very ruthless with productive business, allows companies to write off a large portion of their profits in the form of accelerated depreciation. In 1974, on top of an already generous depreciation allowance of 150 billion lire, this entry, which can be treated as undeclared profits, amounted to 76 billion lire. Last year, when the car sector had an even rougher ride, Fiat entered sums of 135 billion and 50 billion lire for normal and accelerated depreciation. It is clear that Fiat has come through the worst two postwar years smiling with profits and has always been ready to risk its money and its managers in new activities which seem to offer better growth rates than the old ones.

Anything That Moves

Fiat has its hand in practically anything that moves: cars, trucks, railroad rolling stock, marine engines, airplanes, even space cones. Born in an industrially underdeveloped country, Fiat has always had a do-it-yourself philosophy. As a result, it is now Italy's biggest producer of special steels, strong in machine tools and owns one of the world's largest civil engineering groups. Impresit, which has recently taken on a former governor of the Bank of Italy, Guido Carli, as a consultant. The car sector already accounts for less than two-thirds of the group's



A robot assembly line at Fiat's Mirafiori plant.

turnover and by 1980 is scheduled to fall to a half.

Clearly, it's all too much to live under one roof, and somewhat late in the day, Fiat has begun to rationalize its management and company structure, modelling it on normal multinational lines: a central holding company with ultimate financial and strategic responsibility for the group and independent subsidiaries, which are already beginning to operate on their own, though the formal legal structure of most of the group is still united.

As a result of this reorganization, the Fiat steel division, for example, will become a separate operating company and instead of producing exclusively for Fiat and logging small amounts of surplus production, it will now be a steel maker in its own right. It already has set up a commercial network in six Italian cities.

The trucks and earthmoving equipment divisions have already been hired off and now operate in joint ventures with foreign groups which offer them greater flexibility and deeper market

penetration. Fiat earthmoving division joined hands with Allis-Chalmers in 1974 to form the Fiat-Allis venture, which offers their Italian, U.S., British and Brazilian factories a worldwide market. Sales of their 14,000 machines last year netted \$64 million.

Joint Venture

Last year, another international rationalization took place, with the formation of IVECO, a joint venture between Fiat, UNIC in France and Magirus-Deutz in Germany. This initiative, linking 16 production plants in the three countries, which employ 50,000 persons, makes the resultant company Europe's second largest producer of commercial vehicles. And it is likely to give the leading European producer, Daimler-Benz, a good run for its money.

IVECO is able to offer a wide range of products, having, unlike its competitors, both water and air-cooled diesel engines, the latter being more appropriate for climatic extremes. It has pushed through with great speed and

surprisingly little nationalistic friction a program of specialization which inevitably lowers the overall cost of vehicle production.

Instead of producing a variety of competing models in the different factories, each now has a specific brief. The UNIC factories in France specialize in assembling medium-size trucks; Fiat in Turin produces the heavier versions and Magirus does special products such as fire engines, buses and building-site 4-by-4 vehicles.

Brescia, Italy, has the brief for higher vehicles (water and air-cooled versions) and Lancia of Bolzano does military vehicles. Full rationalization will take another three years, but already in a surprisingly brief space of time the whole product range has become part of a unified planning structure. Each machine is designed to share a series of standardized components (differential, gearbox, front axle etc.), producing important scale economies in the productive process.

Insoluble Problem

One problem remains unsolved and is perhaps insoluble: labor relations. Since the winter of 1974, Fiat has adopted a highly responsible attitude toward the unions, going as far as it prudently can to avoid friction and costly production strikes. At the worst of the crisis, they allowed car stocks to rise to an abnormal level of over 300,000, in an attempt to limit layoffs. But inevitably, the tensions of present-day Italian society spill over into the factory.

Most Italian cities suffer from appalling unplanned postwar development, utterly inadequate public transport, inefficient and overcrowded and frequently unsanitary hospitals and schools and a complete dearth of other social services. The Italian worker is no longer a pauper with a Third World mentality, happy to put in long hours at an assembly line for a pittance.

Highly organized and articulate labor unions have become the mouthpieces of their discontent and these days the factory is more likely to close down for a political strike condemning the government's economic policy or a demonstration protesting

against inadequate city transport than for a pay dispute.

Labor problems and inadequate production totals are the major difficulties facing Italy's only other significant car producer, Alfa Romeo. Alfa Romeo, part of the state-controlled IRI group, was for long a large producer of hand-finished cars, rather than a small producer of mass-produced cars, which it has recently become. The rapid growth has fortunately not damaged the outstanding design and engineering characteristics of the Alfa range. But it has created management problems which the group has not yet solved. Until 1973, Alfa Romeo regularly made a profit. For the last two years, it has become one of IRI's biggest losers, and there are no signs of improvement for the current year.

Popular Car

Alfa Romeo's biggest headache is the Alfameo factory outside Naples, completed in 1972. It produces an extremely popular car, and has an order book of over 35,000 vehicles. But last year, while sales increased, production fell back from 100,000 to 92,000 cars. The factory is being paralyzed by wildcat strikes, which average six a day and which, owing to the unfortunately rigid basic design of the factory, frequently stop the whole plant.

There is no easy solution. Alfa is paying the price for an extremely ambitious and rapid expansion program, in a part of Italy which is desperately short of trained engineering workers and managers. Added to the planning errors of the factory, and a totally inadequate program of preventive maintenance, the result is chaos. Last year, the Alfameo factory alone lost some 94 million lire, over a million lire a car.

Despite the difficulties caused by the depressed domestic market, the Italian automotive industry has been performing a valuable role. Italy is a country virtually without raw materials, and its economy necessarily is one of transformation. Fortunately, the industry is still a vigorous exporter of goods with a high value-added content and has never failed to provide the country with a healthy trading surplus.

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A NEW LOCOMOTIVE FOR THE RAILWAYS

The E. 656



The first of 211 E. 656.022 locomotives ordered from private industry was recently delivered to the Italian State Railways.

The new locomotive is designed to pull passenger trains of up to 22 carriages in length at a speed of 160 kms. per hour, and is an updated and more powerful version of the E. 644. By using special insulating devices and a strengthened ventilation system for the traction motors and the rheostat, the power of the locomotive has been increased to 4,300 KW.

The new locomotive is endowed with every kind of special safety equipment: service and emergency telephones, signal repeating of the combined type in the operating cab—in other words continuous repetition for lines equipped with an automatic block system and discontinuous repetition for lines with semiautomatic block systems.

Particular care has been taken in the operating cab, where amongst other things the body has been redesigned to give improved comfort.

The locomotive is also equipped with an electric self-starter driven by an electronic accelerating relay of an entirely new type.

ITALIAN STATE RAILWAYS

In 1965 SARAS has designed and built the largest refinery of the Mediterranean in SARROCH (Cagliari), Sardinia, along the great oil route connecting the Middle East, Africa and Europe.

Built in record time (18 months), the SARAS refinery is being continually updated according to the requirements of the energy market.

New prospects (the opening of the Suez Canal, adjustment of the economic structures to the latest trends of the international market, the need for finding new solutions to new problems) have conferred further evidence to the position of SARAS both considering its location and future program-mes and initiatives.

SARAS is one of the major "service" refineries in the field. With its two distillations plants of 18,000,000 tons a year, nine processing plants, a reservoir yard of over 3,000,000 cubic metres SARAS represents one of the most important refineries of the whole Mediterranean area.

An efficient and continually updated system for prevention of air and sea pollution, places the SARAS refinery in an advanced position also from an ecological viewpoint. Every day at the SARROCH maritime terminal (an impressive steel platform and a 1600 metres long jetty, with 10 independent berths for tankers for anything up to 150,000 dwt) vessels from all parts of the world unload crude oil and collect finished and semifinished products of the highest quality and the value of which has increased after being processed by SARAS.

SARAS, a company in continuous progress.

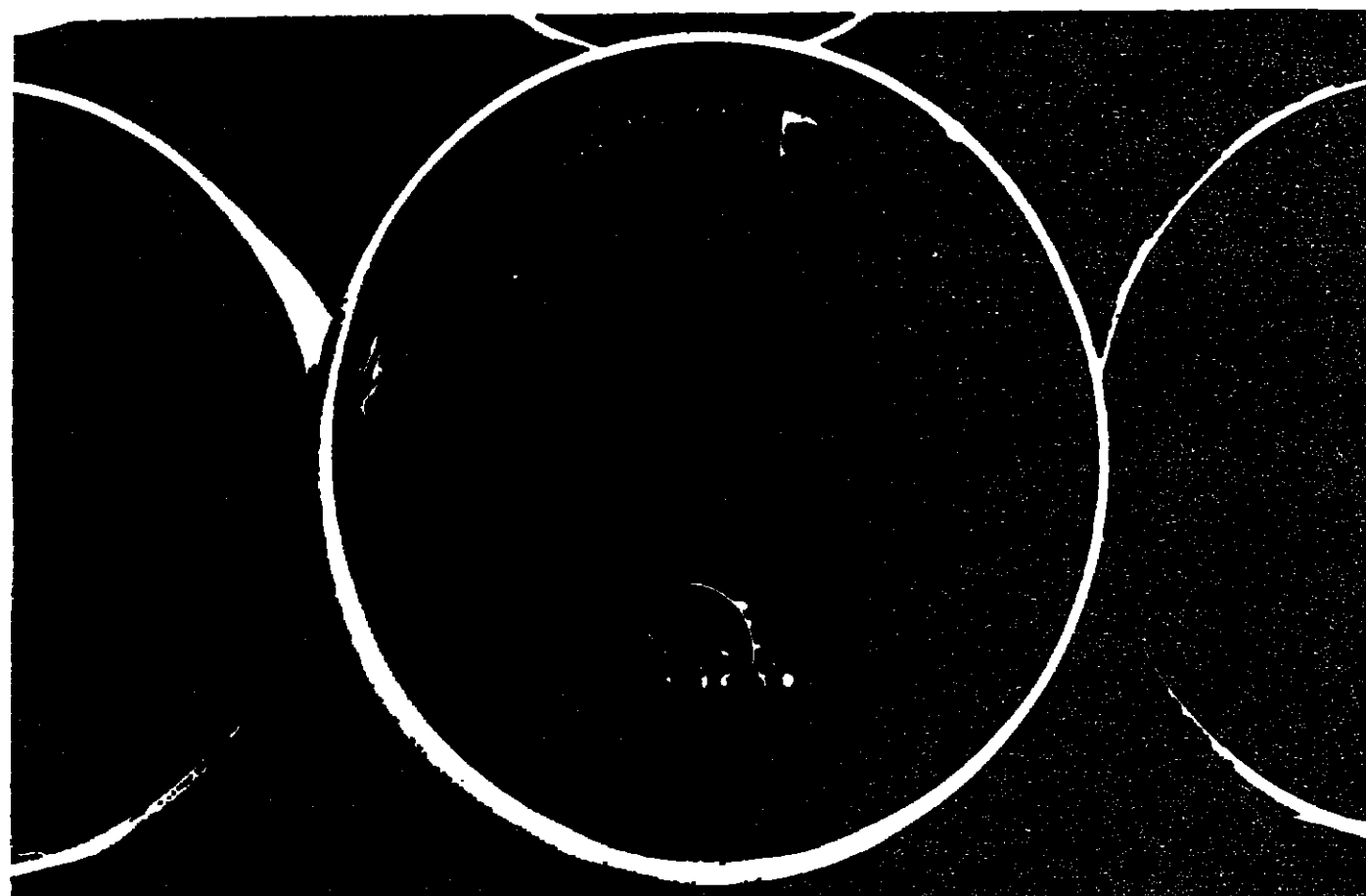
SARAS - Società per Azioni Raffinerie Sarda
Company's Capital L. 20,000,000,000 Italy paid
Registered Office and Refinery: 09018 SARROCH (Cagliari)
tel. 070/300001 - telex 79169 SARASDUE
General Management: 20122 MILANO, Galleria De Cristoforo 8,
tel. 02/7737 - telex 32273 SARAS-MI
Representative Office: 00187 ROMA, via Ludovico, 43 -
tel. 06/482701

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all applications



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group

siderexport

export sales organisation



Optimism in Tourism Industry, Largest Earner of Foreign Exchange

ROME (IHT).—Ever since Italy became an industrialized state, early in this century, its number-one industry has been tourism. Last year, foreign tourists alone—who are not the only customers in this industry, there being more Italian tourists circulating in Italy than those from any single foreign country—brought into Italy 1.7 trillion lire in foreign currency.

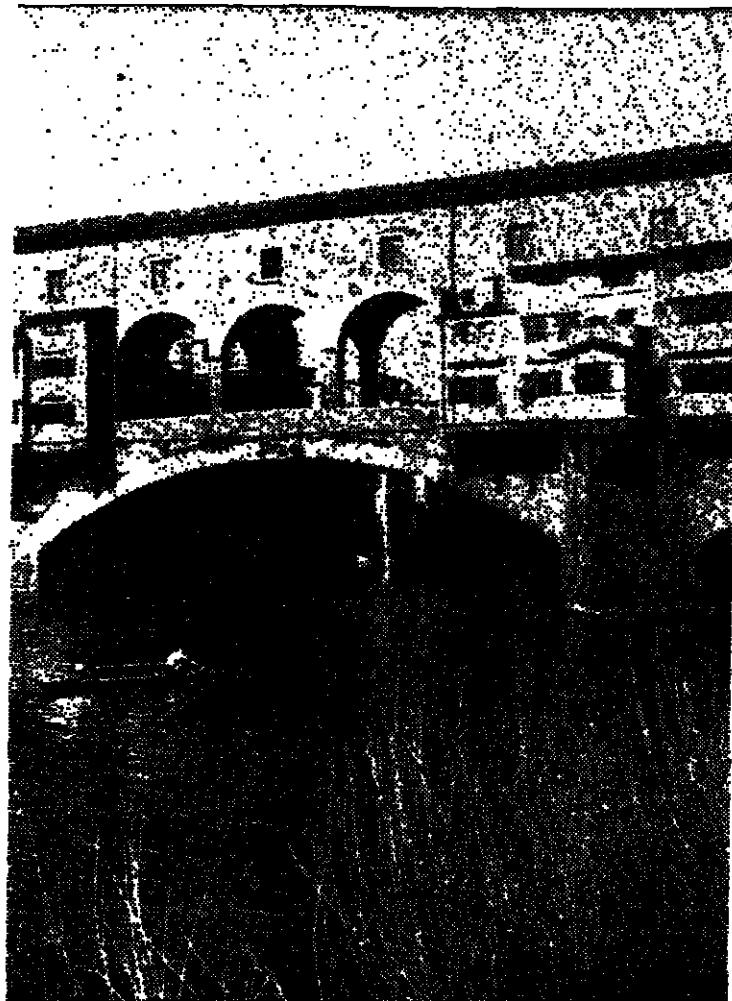
That is the official figure, based on foreign currency exchanged at the banks. The actual figure is almost certainly at least 3 trillion lire, and probably more, considering the lire some tourists bring into Italy in their handbags and wallets and the amount which is exchanged here on the black market. The official earnings from tourism last year were, at any rate, 35.5 per cent more than in the previous year. The number of foreigners who entered Italy last year was 35,233,400, which was an increase of 8.1 per cent over 1974. It is, of course, impossible for statistics to tell how many of these were tourists, or how many were Swiss commuters, going down to what is for them the bargain city of Milan for one day and returning with half a dozen pairs of elegant Italian shoes and possibly even cheaper Swiss watches.

Buyers and businessmen coming to Italy are not proper tourists, even though they occupy hotel rooms and spend at least as much as a tourist does. A good guess is that one-third of the foreigners coming to Italy each year are tourists.

New Statistics

The Italian State Tourist Board (ENIT) claims to have invented in 1956 a curious and even confusing new kind of statistic for the industry, which now is used also by other countries as a yardstick. It is that they record the "presences" of foreigners in Italy. Last year there were 48,899,536 of these presences, which was a drop of 0.4 per cent from the previous year.

The foreigner becomes a "presence" by staying overnight in a hotel or pension, where the law requires that his presence be known to the police (for their own reasons, but the fact is useful to the tourist board as well). It is impossible to know which of those nearly 49 million overnight



The Ponte Vecchio in Florence.

sleepers stayed 3 nights or 30 nights. The statistics do not include the great many visitors who bunk down with friends, relatives, or are put up in convents and monasteries, or who sleep in tents, or who, officially, do not sleep anywhere at all.

For this year, Italy's tourist authorities are "cautiously optimistic," while the 2 million persons who work in the tourism industry (which makes it not only the largest foreign currency earner but also the industry which gives work to the most people) are wildly optimistic. The official prudence is based this year on the possibility that Italian elec-

tions may keep some travelers away.

Elections here mean nearly two months of loudspeakers in the squares and litter scattered everywhere, not to mention marches and demonstrations. They also were worried about the strike of airport workers, but that was settled before Easter, although the pilots have yet to sign their contract.

Bargain Paradise

The extreme optimism comes from the devalued lire, which should put Italy on a par, and perhaps ahead of its closest com-

petitors, such as Spain, Greece and Yugoslavia. At this writing, Italy is certainly a bargain paradise for Americans, Germans and Swiss, whose currencies are worth about 25-30 per cent more than last year. However, inflation is rising to about the same level and new taxes have hit restaurant and hotel owners.

Even so, Italy is likely to be a bargain this year for almost everyone, and none of its competitors offers the visitor such variety, from skiing to swimming (the former possible even in summer months) from a tranquil lake district to the lively resorts, which range from the Capri of the Caesars to the Rimini of the package-delivered tourist.

The officialdom of Italian tourism, always inadequate considering the importance of the industry (the minister for tourism is in the Candelieri-seat in any government cabinet), is now in a period of transformation. As a matter of fact, it is more fragmented than ever, but everyone sees a brighter day ahead for tourism's bureaucratic jungle, which now has municipal, provincial, regional and national tourist bosses contradicting, sometimes blocking, each other's initiatives.

This fragmentation is the result of the division of Italy in this decade into 20 semi-autonomous regions. One of the jobs which the central government has handed over to the regions is "tourism and hotel supervision." (The regions also have control over public health measures and building and maintenance of roads, two fields closely related to tourism.)

This means that each region can do its own publicity, plan its own tourist-oriented festivals and, ultimately, control hotel and restaurant prices (which it does not yet do) and grant low-interest loans to both businesses for improvements.

Region Slow

Each region is moving slowly in exercising its powers and some are being short-sighted in doling out funds for tourism. The Veneto region, for example, which includes not only Venice, Verona, and Lake Garda, but also such magnificent ski resorts as Cortina d'Ampezzo, earned last year 700 billion lire from tourism



Looking across to the old town of Portovenere.

but has budgeted only 1 billion for tourism promotion, etc.

One of the most encouraging signs is that some of the regions (Lombardy and three of the six "Red" regions: Emilia-Romagna, Tuscany and Umbria) have made their own deals with private travel agencies in the United States, and elsewhere, to offer package deals which will have no hidden clauses or traps because the regions' political future depends on their success. That sense of immediate, on-the-spot, responsibility was missing when Rome supervised tourism from its Seven Hills.

Alitalia, which admits that it "lost confidence" among travelers last year because of the strikes, also has made its own "private" arrangements with some of the regions. In southern Italy, it is promoting what it calls "quality" but not costly package tours. And it has an agreement with the southern regions and with

Sicily and Sardinia that their coasts shall never become like Bulgaria's Golden Sands, or Spain's two Costas, that have complexes of high-rise hotels and little else.

The central Italian region of Umbria, with no sea coast, but with much green beauty and several majestic if isolated cities (Perugia, Spoleto, Gubbio, Todi) also is cooperating with Alitalia in co-sponsoring a series of seminars in Perugia for foreign tourism operators this spring and summer, with some emphasis on the gastronomic surprises in that neglected region.

U.S. Contracts

Italy's national air carrier also recently signed a charter contract with two U.S. agencies, David Travel of Miami and Carefree Travel of New York, for 100 round-trip flights this year. They also have a "bid on the sky" pro-

gram for Italy's alpine regions, which could be a winner because not only does Italy have the sole possession of the sunny side of the Alps, which is important for those persons for whom the apres-ski hours begin at noon, but also all the Italian ski resorts are close to art centers such as Venice and Milan.

Once the skier has arrived in Italy, Alitalia is offering one week at double occupancy and half-board at an assortment of ski resorts with inclusive prices ranging from \$84 to \$207. The top price, by the way, is that for Cortina, with its Olympic-size skating stadium and the most elegant habitué in Europe.

Even though no prime minister, in his inaugural address (a fairly frequent occurrence in Italy), has ever mentioned the nation's leading industry or even promised to give it his undivided attention for one day, the government recently did decree that foreign

visitors can buy 400 liters of Europe's most costly gasoline at 235 lire (rather than the price of 400 lire) a liter, for who coupons must be obtained from banks and automobile clubs. Tourists also have not been ignored by IRI, the Italian state corporation which owns most of the superhighways and which will allow cars with foreign plates to pay the minimum toll charge. The minimum is that which motorcyclist must pay, as toll fees are geared to the number of cylinders and the size of the car. This means, roughly, that foreigners may ride on the autostrada del Sole for about one-third of the toll which Italians must pay.

Undiscovered South

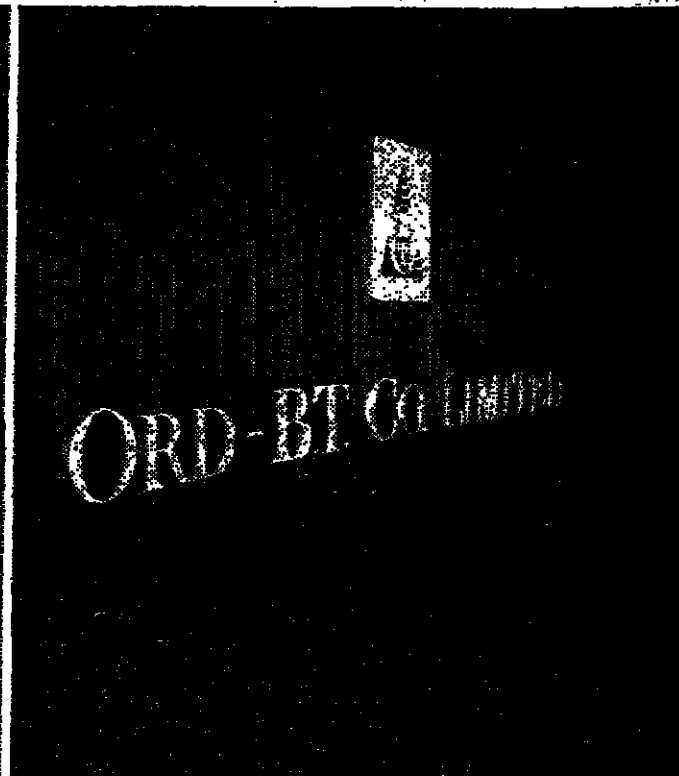
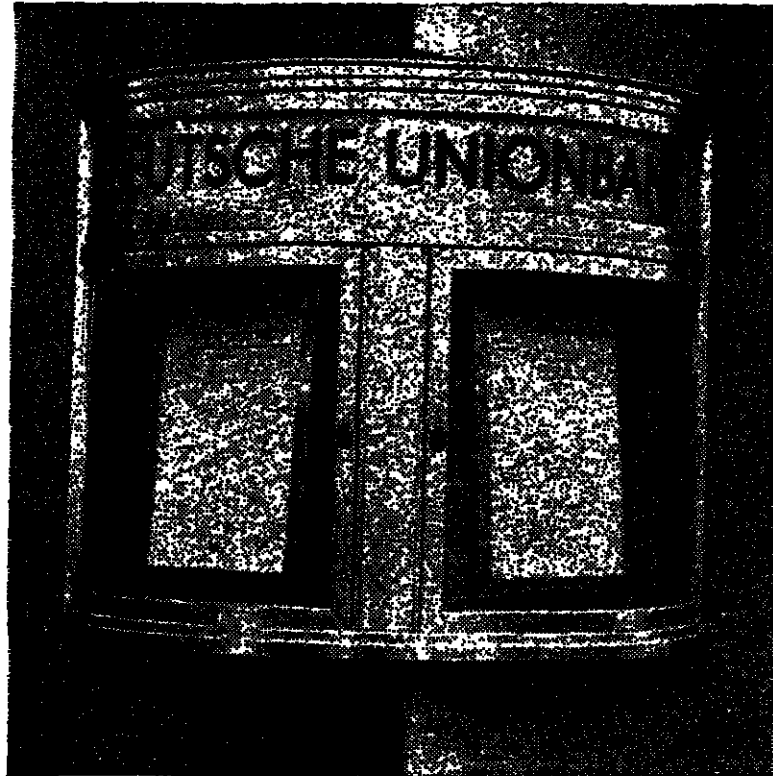
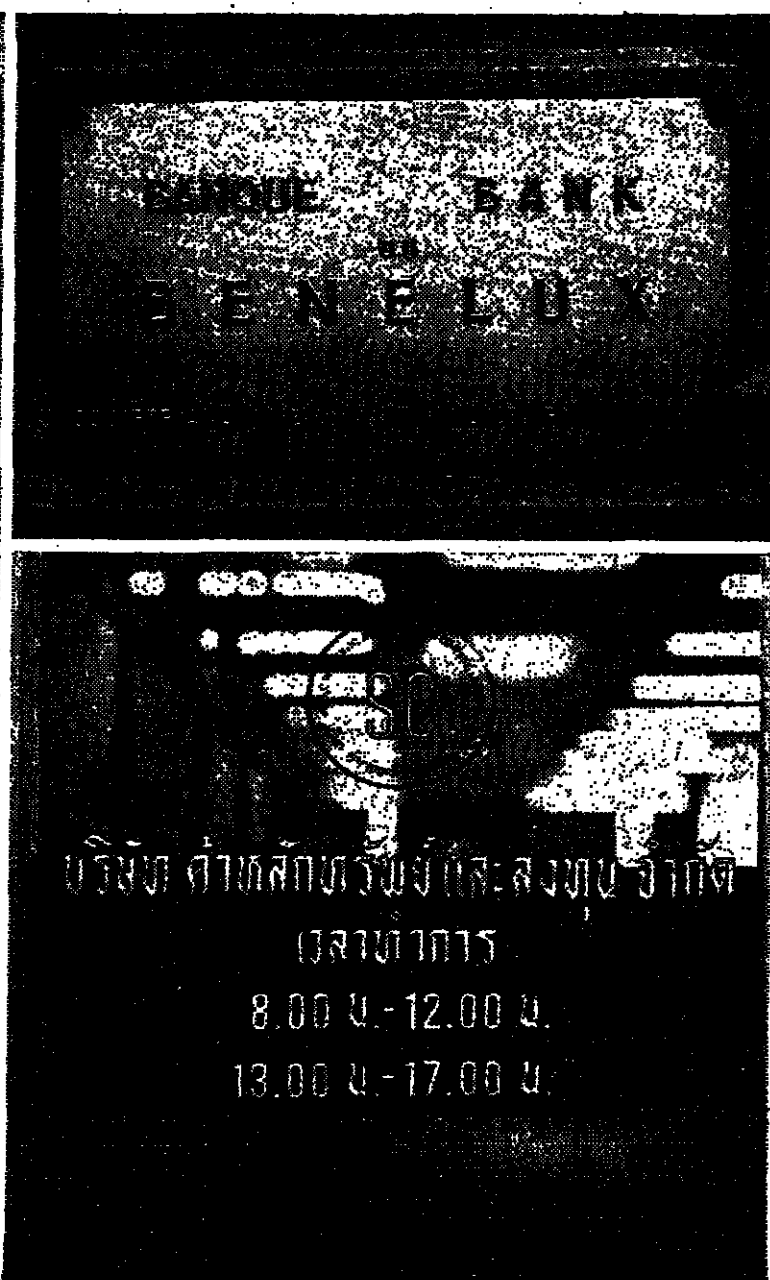
The Germans, Swiss, French, Belgians, British and the Americans (that is the order of nationalities which came to the last year) have not yet discovered the Italian south. The reasons used to be bad weather and poor hotels. Now the sun is good and the food is good. The Cassa per il Mezzogiorno has given low-interest loans that the hotel system is inadequate, sometimes more than that.

The Cassa also is engaged excavating the ancient city of Sybaris and a villa destroyed by the same volcanic eruption which destroyed Pompeii and Herculaneum, south of Naples. Excavations at Pompeii and Herculaneum have been given fresh impetus and hardly a year goes by without a new artistic discovery being made at Paestum.

Italy's ancient past is slowly coming back into the sunlight in southern Italy, which already could boast without tradition of having the most complete, and also the most extensive, ruins of the ancient Greek empire.

Unfortunately, there is no literature on southern Italy. Generations of Englishmen and Americans have used Norma Douglas's "In Old Calabria," a guidebook, which is not what it was intended to be, and men tourists today can be tramping about southern Italy with Georgina Masson's biography of the Emperor Frederick II Hohenstaufen, as their guide.

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Mapping the Capitalist Road—A Peking Political Glossary

By Fox Butterfield

HONG KONG (NYT)—As part of a nationwide effort to explain to the Chinese people why Teng Hsiao-ping, their former senior deputy premier, was suddenly stripped of his official posts earlier this month, the official daily, *Jenmin Jih-pao*, said in an editorial last week that he "is the arch-enemy of the party and the people and the behind-the-scenes promoter of the right deviationist wing to reverse correct verdicts."

To outsiders, that would only obscure further the recent shifting events in Peking. But to China's 800 million people, years accustomed to Asioptian language and long hours of study of Chairman Mao Tse-tung's oracular instructions, the meaning was clear enough.

For the uninitiated, here is a brief guide to some of the recent terms in the Chinese political lexicon:

Unrepentant Capitalist-Roader

Within the Party

The term "capitalist-roader" was coined during the cultural revolution a decade ago to describe those people who Chairman Mao feared wanted to restore capitalism in China. Specifically, they were accused of favoring a pragmatic economic policy that would offer material incentives for workers and peasants, rely on experts and borrow technology for China's factories and military from abroad.

Mr. Teng, at that time the secretary-general of the party, and Liu Shao-chi, the head of state, were denounced and regarded as the two greatest capitalist-roaders. In the last three years, under the aegis of the late Premier Chou En-lai, Mr. Teng and many other veteran party leaders who had been dismissed were rehabilitated. But some time last fall, Mr. Mao is said to have sensed that Mr. Teng had not really reformed his old ways, and hence the campaign was launched against "the unrepentant capitalist-roader."

A Right Deviationist-Wing to Reverse Correct Verdicts

In the earthy, sometimes poetic turn of phrase the Chinese use, this is the term used to denote alleged efforts to undo the reforms of the cultural revolution. Since Mr. Teng is also being accused of trying to settle accounts with the rural revolution, the term seems to imply that he wanted to restore many of the men purged during that tumultuous period and oust others who rose to power in those years. The reforms of the cultural revolution are often referred to as "the Socialist new-born things." These include the new education program of basing admission to college on a student's

political background rather than academic achievement, the policy of resettling urban teen-agers in the countryside after they finish high school—12 million so far—the new emphasis on training "barefoot doctors," or paramedics, and the revolutionary operas of Mr. Mao's wife, Chiang Ching. These theatrical performances, which Mr. Teng has been accused of refusing to attend, stress the theme of class struggle.

Mr. Teng has been charged with arguing that many of these reforms, particularly the education program, are impractical, waste talent and reduce China's ability to develop into a "powerful modern Socialist nation by the turn of the century," a goal outlined by Mr. Chou last year.

Taking the Three Directives as the Key Link

The most heinous of Mr. Teng's crimes, this slogan is said to have been erroneously devised by Mr. Teng last summer to debate the Chinese people about the real intent of three directives that Mr. Mao had issued. The three orders were to pursue class struggle by studying Marx's theory of the dictatorship of the proletariat, to practice "stability and unity" and to "promote the national economy."

Mr. Teng's mistake lay in putting all three on an equal footing, when, according to the Chinese press, the Chairman really meant to "take class struggle as the key link." Although China analysts have searched their files, they have not been able to find any instance where Mr. Teng or any other Chinese leader, mentions "taking the three directives as the key link," so it remains uncertain whether the charge against Mr. Teng was trumped up.

Whatever the case, Mr. Teng's enemies have insisted that they are not opposed to economic development. "Our difference with him on this question," a recent editorial in the official daily said, "is what line should be carried out and what road followed to achieve these purposes."

Antagonistic Contradiction

In the resolution adopted by the party's Politburo stripping Mr. Teng of his posts, the reason given was: "The nature of the Teng Hsiao-ping problem has turned into one of antagonistic contradiction."

The use of the word contradiction is a favorite in Chinese Communist political jargon and stems from Mr. Mao's own habit of analyzing all problems in terms of contradictions, for example between the imperialist powers and their need to rely on the resources and cheap labor of the developing world, which means the two will ultimately clash.

In Mr. Mao's view, there are two types of contradictions—those among the people, which can be resolved, and those between political enemies, like the proletariat and the bourgeoisie, which will lead to confrontation. The latter are antag-

onistic contradictions. According to Mr. Mao's writings, class struggle does not die out, even in China, because there are always different classes and, therefore, always contradictions. Mr. Teng is said to have forgotten this elementary truth.

Study

An important Chinese Communist political technique used for indoctrination and communicating the latest shift in the official line. Study sessions using party newspapers, Central Committee directives and the thoughts of Mr. Mao, are a regular feature of life for China's peasants, workers and soldiers. During a political campaign, when the side in power decides to try to defuse the movement and prevent further attacks being made on it—as seems to be happening at present in China—increased study is one of the best ways to do it. Study, as a phase of political action, alternates with struggle, a more active technique.

Firmly Keep to the General Orientation of the Struggle

A phrase that has appeared in all editorials and articles since the riot three weeks ago in Peking and the subsequent ouster of Mr. Teng. It is a shorthand order to the so-called radicals not to try to take advantage of the current campaign to expand their attacks beyond Mr. Teng to other leaders of the moderate faction.

Radicals and Moderates

The inadequate terms analysts often employ to try to distinguish the two major factional groupings in China. Many Chinese would probably not fit neatly into either category, even in the Communist context, but the practice of using the words follows Mr. Mao's own habit of talking about the struggle between two lines.

To oversimplify, the radicals are noted for their preference for ideological purity over pragmatic solutions, or in the Chairman's terms, they "put politics in command." Specifically, they insist that they follow Mr. Mao's proletarian revolutionary line, which stresses avoiding material incentives and instead brings into play the workers' revolutionary enthusiasm and hard struggle and self-reliance rather than borrowing from abroad.

The radicals tend to be younger than the moderates, at least those in Peking, since they came to power in the cultural revolution. But while their differences with the moderates may sometimes be genuinely ideological, they seem to be increasingly personal. The moderates, once led by Mr. Chou, are practical administrators and politicians who favor orthodox economic policies.

If the recent outpouring of sentiment for Mr. Chou during the Ching Ming festival for the dead two weeks ago is any



Poster inside a Canton machinery factory showing armed worker choking a figure of Teng Hsiao-ping.

indication, large numbers of Chinese prefer the moderates' more ordinary approach.

A European diplomat in Peking related recently that when a huge official rally was held to support the removal of Mr. Teng, his Chinese interpreter remarked caustically, "That's just those radicals at it again."

On U.S. Labor Scene Goals Change, But Goals Remain

By A.H. Raskin

WORK (NYT)—American

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George Meany domi-

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Automobile Workers,

National Association of

and other giant

coming leaders will join

er, which in the last

hopes for stable, strike-free relations and responsible pay settlements.

In this respect, the union most beset with imponderables as its quadrennial election approaches is the 1.4-million-member United Steelworkers. Its last nationwide strike was the 118-day shutdown of the basic steel industry in 1959, which left such scars on both industry and union that they are currently pioneering in an experimental negotiating agreement.

The party's aim is to establish permanent peace machinery that will make strikes unnecessary and thus eliminate the stockpiling, massive placement of steel orders overseas and job insecurity that went with countdown bargaining every time a contract expired.

I. W. Abel, the principal champion of the experimental agreement and of other joint endeavors to spur productivity and limit imports, must relinquish the union presidency next year under a rule that requires his retirement at age 65. The race to succeed him is wide open, with Mr. Abel's administration itself still uncertain whom it will back in the February election.

John S. Johns, the union's 61-

year-old vice-president, would be most likely to continue Mr. Abel's policies substantially intact; but his star has faded in the last two years to an extent that makes doubtful his candidacy for the top spot.

The only slate formally in the field thus far is headed by Lloyd McBride, the 60-year-old St. Louis district director. Running with him are the leaders of two other big districts: Lynn Williams, 51, of Canada, for vice-president, and Frank McKee, 56, of the 12-state

Western region for secretary-treasurer.

All three have been stalwarts of Mr. Abel and they urge no basic reversal of union policies, akin to the one that brought the current administration to power in 1965 as a palace revolution against the "buxed unionism" of Mr. Abel's predecessor, David McDonald. Indeed, many observers expect the McBride slate to be recast after a "unity group" made up of union leaders seeks consensus on an administration ticket at the steelworkers' convention, which opens in Las Vegas on Aug. 30.

Whether the election will present a fundamental challenge to the existing industry-union collaboration in steel depends on a possible independent presidential candidacy by Edward Sadowski, 38, the insurgent who ran against the union machine in the huge Chicago-Calumet (Ill.) district two years ago and won the directorship overwhelmingly after court intervention knocked out a contested first election.

Close associates predict an effort by Mr. Sadowski to capture the presidency, though he insists he still has not made up his mind.

Fundamental changes in who can do business and own property in Peru, and rules for carrying out such activities, formed the foundation of the plan, called plan Inca after the Indians who ruled this part of the world at the time of the Spanish conquest.

With the publication earlier this year of laws governing small private enterprise, the last of four categories of economic activity scheduled for regulation under the plan, the legal mechanisms for the revolutionary blueprint were complete.

Plan Inca established essentially socialist objectives in 31 areas of administrative, political, economic, cultural and social life, and by now, every Peruvian has been touched to some degree. The major divisions of business, industry and agriculture have been profoundly affected.

Besides the sector of small business and industry, three other general kinds of economic endeavor are now permitted in Peru:

• Basic industry, owned exclusively by the state. This category includes all heavy manufacturing and utilities.

• "Reformed private" enterprises, owned jointly by their stockholders and their workers.

• So-called "social property" firms managed by their workers and theoretically owned by nobody in a proprietary sense.

Agriculture, largely the work of peasant cooperatives today, is considered part of the reformed private sector.

Most businessmen are bitter about the changes. Said one: "They (the government) call the new scheme a 'pluralistic economy,' but it involves strangulation of private enterprise."

Socialization has helped create some serious economic distortions.



George Meany—immovable object in U.S. labor scene.

paid \$200,000 in cash for the six-story building and spent \$50,000 more for repairs.

A New York Times spot check in a dozen major cities indicated that the typical female entrepreneur is either a sole proprietor of a business grossing less than \$35,000 a year or heads a company with fewer than eight employees that grosses less than \$100,000. Retail or service concerns are predominant.

Meanwhile, equal opportunity for women entrepreneurs has become a feminist issue, and the following developments have occurred:

There has been a spate of books on the subject, newsletters such as *Artemis* (a monthly "for enterprising women") and the April issue of *Ms* magazine, which contains a 16-page insert on "how to start your own business."

A class action suit was filed last fall against the Small Business Administration by Madonna Loercher, owner of the feminist Book Mart in New York. She alleged sex discrimination in the Small Business Administration's denial of a guarantee for a \$10,000 business loan she sought from a bank.

A proposal aimed at interesting banks in establishing for women under SBA sponsorship, private investment companies to generate capital has gained support in a Senate panel on small business.

An "old-girl" network by which women entrepreneurs exchange information and refer business contacts to each other has sprung out of the Association of Woman Business Owners, founded two years ago in Washington.

In some outstanding instances, women who started their own businesses ran them into multimillion-dollar companies—as Mary Wells Lawrence did in advertising, Estée Lauder in cosmetics and Florence Eisenman in children's clothes.

But these women have not been considered feminist heroines; partly because they held themselves aloof from the cause, partly because some of them had husbands as their partners, but mostly

because their successes were so exceptional.

The growing focus of attention on women entrepreneurs is seen by some as a recognition that advancing in the big-business world is still a remote possibility for most women, particularly if divorce or widowhood makes immediate their need to support a family.

"Women today are looking for additional options," said William Zucker, professor of management at the Wharton School of the University of Pennsylvania. He is one of the directors of the Wharton Entrepreneurial Center, which does research on venture capitalism.

Mr. Zucker was commenting on the 25-percent female composition of audiences for the seminars on "how to successfully start your own business" that he and Prof. Edward Shils have been taking on the road, so far to New York and Hartford, Conn.

Similarly, the second most popular workshop in the day-long women's finance seminar sponsored last month by Wharton and the Philadelphia National Bank was "today's woman as entrepreneur."

Such attendance is regarded as a hopeful symptom, since many women blunder into business without realizing what tools they will need.

"We've seen some horrifying examples of lack of accounting and financial knowledge," said Madeline McWhinney, president of the First Women's Bank in New York, reporting on the increasing number of requests for business loans the bank is getting.

"Many of those loans are simply not bankable loans because what they are seeking is equity capital. They have to get started from their own sources and then we can help with working capital," Miss McWhinney said.

This need to show a bank at least a kernel of investment before asking for a loan is something many persons going into small businesses, of either sex, do not realize, Miss McWhinney added.

Peru: Where Socialism Goes Galloping Ahead

By David F. Belnap

LIMA—Since it took power 7 1/2 years ago, the left-wing military government of Peru has transformed the country into the Western Hemisphere's nearest thing to a socialist state outside of Cuba.

In the process, the revolutionary leaders have accomplished their three main initial goals: to eliminate foreign, mostly U.S., control over the nation's major basic industries; destroy the economic power of the oligarchy, and neutralize the political power of the principal civilian parties.

The military government has assumed all legislative and executive power and made the judiciary and mass communication media responsive to the regime.

The socialization of Peru has been conducted under a long-secret action plan adopted by the three branches of the military services when they deposed civilian, constitutional authority on Oct. 3, 1968.

So radical were some of the measures that the revolutionary process already had been under way nearly six years, and many of the more drastic steps had already been taken, before the plan finally was made public.

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Touches All

Plan Inca established essentially socialist objectives in 31 areas of administrative, political, economic, cultural and social life, and by now, every Peruvian has been touched to some degree. The major divisions of business, industry and agriculture have been profoundly affected.

Besides the sector of small business and industry, three other general kinds of economic endeavor are now permitted in Peru:

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Most businessmen are bitter about the changes. Said one: "They (the government) call the new scheme a 'pluralistic economy,' but it involves strangulation of private enterprise."

Socialization has helped create some serious economic distortions.

New private foreign investment all but vanished and local investment, reinvestment and savings have declined dramatically as the state became the prime source of all new investment.

The new state role, coupled with price and some volume declines for Peru's principal exports, threw the national budget badly out of balance, produced a \$1-billion deficit in foreign trade last year and caused balance-of-payments problems.

Before recent corrective changes were made, the projected budget deficit for the 1975-76 biennium was \$2.3 billion. The calculated impact of the new measures reduced that projection to \$1.9 billion.

Peruvian authorities have expressed determination to stay on their present course despite their problems, anticipating improvements in export volume and earnings during the next three years.

U.S.-Owned Interests

Before the revolution, U.S. interests owned Peru's major mining, energy, communications and sugar-producing industries. With one exception, these are now owned by the state, which is also the major producer in the fields of fishing, electric power and transportation.

State entities control 75 percent of Peru's exports and 80 percent of its imports. Through expropriation, the state owns the major newspapers, controls television with majority ownership of all stations and holds minority equity and policy control of all radio stations.

The only large foreign investments remaining in the country are those of Southern Peru Copper Corp. and Occidental Petroleum, both U.S.-owned.

Southern Peru Copper has not been incorporated into the state-owned basic industry sector yet because its technical know-how and access to financing are needed for large-scale expansion of copper mining. Peru's largest single export industry, Occidental has an important investment in Peru's northeastern jungle oil fields, part of which it is developing under contract with the state oil monopoly.

Since 1971, each private industrial enterprise employing more than six persons has been obligated to give 15 percent of its annual profits to its workers to buy stock in the firm. That process continues until the workers, organized into so-called "communities" in each entity, hold 50 percent equity and half of the seats on the board of directors.

Peru's agrarian reform, which local authorities consider to be without equal in the extent of its

transformation, so far has expropriated 18.6 million acres, mainly for distribution to cooperative rural enterprises.

Its goal is 27.1 million expropriated acres by the end of June. No farm larger than 37 acres is eligible to remain in private hands.

The reformed sectors of industry and agriculture employ half of Peru's labor force. The other half works in undertakings employing six or fewer workers and in the construction, banking, insurance, retail trade, tourist, health and other service industries so far not obliged to share ownership with their workers.

The fundamental strategy of the Peruvian revolution, aside from expanding the economic role of the state, is aimed at wider distribution of income and wealth. Its leaders repeatedly have defined their course as "neither capitalist nor Communist but humanist and nationalistic."

In a recent speech, President Francisco Morales Bermudez said the military's objective was the creation of a "social democracy of full participation."

A huge military-state bureaucracy has been erected to carry out the revolution. It is plainly authoritarian, sometimes dictatorial, but only rarely repressive in the rigorous meaning of that word.

What Gen. Morales Bermudez described as the second phase of the revolution began last August when he replaced Gen. Juan Velasco Alvarado as President.

Above the technical level, there was no civilian contribution of any kind to the revolutionary government during the first phase, and there's been very little since. Gen. Morales Bermudez has a nonmilitary minister of economy and finance, the only civilian to hold a policy-making post in Peruvian government since before the revolution.

The President has said the second phase, which will run through 1981, will be guided by a new plan now under study to extend and consolidate Plan Inca.

Part of the first draft of the new blueprint, to be called Plan Tupac Amaru, after an 18th-century Indian rebel, was leaked to the public not long ago, causing consternation within what remains of Peru's private economic sector.

If the final version should conform to the initial draft, the private practice of medicine for profit would be abolished, all credit would be controlled by the state, income from rental property would be sharply curtailed and all private economic activity would be further restricted.

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Carl Gewirtz on the Euromarket.

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International Herald Tribune

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bits About U.S. Monetary Policy inspire Caution Among Investors

By Carl Gewirtz

May 2 (UPT)—A number of analysts who had been hoping for a sharp decline—which would indicate a continued policy of credit ease—or another increase which at least would have made the direction of Fed policy clear. As it is, the latest figures are neutral and leave the question about the Fed's intentions unclear.

However, the rate on federal funds in New York ended the week at 5 percent. These funds are uncommitted reserves that banks lend one another and the rate offers one indication of the availability of reserves in the banking network, giving the Fed a guide in carrying out its policy.

A week earlier the rate was 4.75 percent and a week previous it was 4.5 percent. While the increase is taken to mean the Fed is becoming less accommodative, some analysts maintain that special technical factors are causing the updraft and that the Fed has not shifted its policy.

By themselves, the somewhat esoteric banking figures might not have affected investor sentiment to the extent they have. But there are other worrisome signals.

Steel Price Boost

The major U.S. steel companies last week announced price increases of between 6 and 8 percent to take effect in June.

The nation's Wage and Price Council, which announced it will study the increases, said basic metals industries account for more than 7 percent of the wholesale price index and help determine price behavior in a number of other sectors of the economy.

At the same time, the Agriculture Department reported that

Economic Indicators

WEEKLY COMPARISONS

	Latest Week	Prior Week	1975
Commodity index	203.2	204.8	198.9
*Currency in cir.	86,443,000	87,132,000	78,123,000
*Total loans	\$117,431,000	\$117,320,000	\$128,879,000
Steel prod. (tons)	2,681,000	2,660,000	2,488,000
Auto production	188,141	199,915	144,619
Daily oil prod (bbls)	8,146,000	8,146,000	8,387,000
Flight car prod	469,212	452,394	452,784
*Elec Pow. Kw-hr.	35,614,000	35,287,000	35,287,000
Bus. failures	188	178	313

Statistics for commercial agricultural loans, carloadings, steel, oil, electric power and business failures are for the preceding week and latest available.

MONTHLY COMPARISONS

	Mar.	Prior Month	1975
A-Employed	86,692,000	86,319,000	84,110,000
A-Unemployed	7,027,000	7,136,000	7,770,000
A-Ind'l Prod.	120.9	120.2	110.0
B*Personal Income	\$1,333,500,000	\$1,325,900,000	\$1,205,000,000
A*Money supply	\$299,400,000	\$296,800,000	\$284,100,000
Corns price index	167.5	167.1	157.8
A-Consumer conf.	185	170	150
A*H's inventory	\$147,204,000	\$147,030,000	\$151,194,000
A*Exports	\$8,800,100	\$9,103,400	\$8,754,600
A*Imports	\$8,940,900	\$9,174,000	\$9,727,600

*000 omitted. *Figures subject to revision by source.
Commodity Index, based on 1967=100, the consumer price index, based on 1967=100, and employment figures are compiled by the Bureau of Labor Statistics. Industrial production is Federal Reserve Board's adjusted index of 1967=100. Imports and exports are compiled by the Department of Commerce. Money supply is total currency outside banks and demand deposits adjusted as reported by Federal Reserve Board. Business failures compiled by Dun & Bradstreet Inc. Consumer confidence compiled by the F. W. Dodge Division, McGraw-Hill Information Systems Company.

A-Seasonally adjusted.
B-Seasonally adjusted annual rate.

the prices farmers got for their livestock and crops rose an average 2 percent in the month ended April 15. By contrast, farm prices dropped 1.5 percent in the month ended March 15 after remaining stable in January and February. The good performance of these prices was

an important element in keeping both wholesale and retail price indexes at moderate levels—both indexes rose 0.3 percent in March.

A number of analysts believe that the April index of wholesale prices will register an increase of (Continued on Page 22, Col. 1)

The U.S. Economic Scene

Crisis-Prone Lockheed in the Doghouse

By John M. Lec

NEW YORK, May 2 (NYT)—For two decades the Lockheed Aircraft Corp. has been at the center of assorted corporate dramas. There were the failures with the Electra turboprop in the 1950s, the Central Intelligence Agency links with the U-2 spy plane, the huge cost overruns on the C-5A military transport, the crash-prone P-104s in West Germany, the cliff-hanger on marketing the wide-bodied L-1011 jetliner with Rolls-Royce engines, the extraordinary government-guaranteed loan in 1971 to avert bankruptcy and the continuing battle to achieve financial viability, given a huge burden of debt.

Few corporations have so occupied public attention. But then Lockheed is something special—a key link in the military-industrial complex, with close ties to the Pentagon and CIA; a provider of advanced technology; arms-seller to the Western alliance and instrument of national policy in the confrontation with Communism. Clearly, Lockheed's survival and even its prosperity have been deemed vital to the national interest.

Now, Lockheed finds itself at the center of the most far-reaching controversy of its history—namely, the payment of some \$24 million in bribes and kickbacks over a number of years to promote the sale of both military and commercial aircraft abroad. In its zeal for selling, Lockheed overstepped the bounds of what many consider proper corporate conduct.

Of course, Lockheed is but one of some 100 major American corporations that have admitted, under pressure from the Securities and Exchange Commission, improper payments.

But here again, Lockheed is something special. Although the machinations of the Gulf Oil Corp., the Northrop Corp. and United Brands Inc. are startling enough, Lockheed has admitted payments to pro-Western governments in Italy and Japan, as well as to Prince Bernhard of the Netherlands. It has thereby provided devastating political ammunition to opposition elements in those countries.

The efforts of the International Telephone and Telegraph Corp. pale beside what Lockheed has unwittingly accomplished. The disclosure of improper dealings with Lockheed helped undermine confidence in the Christian Democratic government in Italy, which resigned on Friday. If the new elections bring Communists into the government, Lockheed

share the blame? Will the stigma of Lockheed associations also undermine the government of Japan and the royal family of the Netherlands?

The arguments are that, "if we don't sell them arms, someone else will," and that the spread of U.S. arms and aircraft abroad is an instrument of national prestige and influence, making the buyer beholden to the technological largesse of the United States. The arms salesman is thus unleashed and encouraged by the Pentagon. Besides, it's good for the balance of payments and for unemployment in California.

Lockheed thus undertook such activity, along with others, on a worldwide basis. But what Lockheed apparently failed to realize was that while the world might

wink indulgently at payoffs in some countries—after all, bribery was thought to be a way of life in Asia, Latin America and the Middle East—it was quite another matter to make payoffs in Western societies where standards of ethical behavior are avowed to be stricter. An outcry at public disclosure was inevitable.

Foreign countries have expressed astonishment not so much at the bribery as at the American obsession for exposing it and European sophisticates lament the trouble Americans have caused by their post-Watergate zeal for harsh disclosure.

Business-government efforts in arms sales or other exports are more coordinated abroad. It is almost inconceivable that the French or Japanese governments would accuse their own businessmen of bribery. Japanese officials have been notably slow in pursuing the Lockheed bribery investigation in that country lest confidence in the long-standing Liberal Democratic government be undermined.

In the United States, life is more pluralistic and interests more diverse.

The thrust for disclosure seems to rest with the Securities and Exchange Commission, senators like Frank Church and William Proxmire and some of the news media.

In the view of many, the massive disclosures of improper corporate conduct by Lockheed and others have a uniquely American flavor. There stands the moralistic Frank Church lecturing the Lockheed executives, Shades of Woodrow Wilson. But the genie is out of the bottle. No one can put it back and what it will do next is anyone's guess.

New York Stock Market

NEW YORK, May 2 (NYT)—Prices moved fitfully in the equities and credit markets last week: up somewhat early in the period but closing on Friday below where they stood last Monday.

In the equities markets the experience was viewed in some quarters as a continuation of the "consolidation" phase that has followed the strong run-up that started in December and extended through January and February.

Beyond such internal nuances, however, participants were on the lookout all week for the latest Federal Reserve report on the nation's money supply. Several successive weekly multi-billion-dollar increases in the money supply gave rise to speculation that another large increase might lead to a decision by the Fed to stiffen monetary policy.

Awaiting this particular number, stock market participants maintained a quiet trading pace and prices drifted lower.

Stock and bond prices were lower on Friday in continued quiet trading.

For the week as a whole the Dow Jones average of 30 industrials was down 3.86 points at 998.85. New York Stock Exchange volume, in turn, shrank to 84.80 million shares compared with 103.78 million shares traded in the previous week.

Over-Counter Market

Sales in 100s	High	Low	Last	Chg
Lois Co. -117	23	5	48	-1/2
Laidlaw & Co. -117	23	5	48	-1/2
Laidlaw & Co. -117	23	5	48	-1/2
Laidlaw & Co. -117	23	5	48	-1/2
Laidlaw & Co. -117	23	5	48	-1/2

Sales in 100s	High	Low	Last	Chg
ACI Commun. -117	23	5	48	-1/2
ACI Commun. -117	23	5	48	-1/2
ACI Commun. -117	23	5	48	-1/2
ACI Commun. -117	23	5	48	-1/2
ACI Commun. -117	23	5	48	-1/2

Sales in 100s	High	Low	Last	Chg
Measur. Corp. -117	23	5	48	-1/2
Measur. Corp. -117	23	5	48	-1/2
Measur. Corp. -117	23	5	48	-1/2
Measur. Corp. -117	23	5	48	-1/2
Measur. Corp. -117	23	5	48	-1/2

S.C.A.M. SOCIETE DE CREDIT POUR L'ACQUISITION ET L'AMELIORATION DES IMMEUBLES

CREDIM CITICORP CREDIT MULTIPLE

FF 250,000,000

FLOATING RATE NOTES DUE 1985

THE NOTES BEAR INTEREST BASED ON A MOVING AVERAGE OF FRENCH MONEY MARKET RATES AND MAY BE REDEEMED AT THE OPTION OF THE NOTEHOLDERS ANNUALLY FROM APRIL 1978

GUARANTEED BY

CITICORP

SOCIETE GENERALE

BANQUE DE PARIS ET DES PAYS-BAS

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CITICORP INTERNATIONAL BANK LIMITED

ACTED AS ADVISOR TO THE BORROWERS AND THE GUARANTOR

APRIL 1976

Euromarket

(Continued from Page 21)

re than 8 per cent on an annual basis, up from a 3.7 per cent annual rate in the first quarter.

This, coupled with the very long 3.5-per-cent advance in the third quarter, has led to a third strong advance in the third quarter, and the highest gain since last July. In the recovery is firmly established—could propel the Fed after its policy. Chairman Burns has repeatedly expressed his fears about the possibility of fueling a new outburst of inflation.

The Rates Gap

ut to what extent a shift in policy would affect the bond market is uncertain. A number of analysts maintain that the gap between short- and long-term rates is historically wide, that short-term rates have fallen faster than long-term rates and that an increase in the short end of the market should not necessarily mean a rise in long-term rates.

In the midst of all this uncertainty on rates, Citibank cut its prime lending rate on Friday 1/2 from 6 3/4 per cent. Its prime rate formula is in part to the three-week average commercial paper rate, and it is considered unlikely that many commercial banks would follow Citibank's lead.

However, the move did spark a rise in Eurobond prices, which edged up to half a point on Friday after drifting lower during the last week.

Overall, bankers report that for new Eurobonds comes to be highly selective, with some preferring well-known issues and short maturities. There was a period of a few weeks where a number of bankers believed it would be able to reopen the market for straight-debt debentures with a year maturity, but this view was not changed.

It is not to say such an extension will not be made. It is rumored that Electricite de France is contemplating an issue of 12 to 15 years and bankers that such a triple-A-rated issue could conceivably succeed. But, they stress, the appeal for such relatively long paper has definitely faded.

10-Year Bonds

International Standard Electric

Finance Ltd. did less in selling its \$25 million of 10-year bonds than in marketing its 5-year notes. The offering of notes was increased from million to \$45 million and sold at par with a coupon of 8 per cent. They were sub-

sequently quoted at 100 3/4 bid-101 1/2 asked. The debentures, carrying a coupon of 9 1/2 per cent, were issued at par and subsequently traded at 99 1/2-100 1/2. All of the issues currently on offer are aimed at the short end of the market with the exception of a 10-year convertible for Alumi Co. of Japan, a department store chain. It is seeking \$25 million and is offering a coupon of 8 3/4 per cent.

Also on offer are:

• \$20 million of five-year notes for Showa Line Ltd. of Japan, carrying the guarantee of the Long-Term Credit Bank and an indicated coupon of 9 per cent.

• \$50 million of five-year notes for the Montreal Urban Community, which are expected to carry a coupon of 8 3/4 per cent.

• \$75 million in seven-year floating-rate notes, 100 Lloyd's Eurobonds, guaranteed by the parent Lloyd's Bank. The coupon, guaranteed never to fall below 7 1/4 per cent, will be set at a quarter of a point over the London interbank offered rate for six-month Eurodollars. With that rate currently at 6 per cent, the initial coupon will no doubt be 7 1/4 per cent.

• \$75 million in five-year floating-rate notes for S.G. Guez of France. These will carry a coupon of 7 1/2 per cent for the first year and thereafter a quarter of a point over the interbank rate.

Investors in the SoGen issue start off with a higher coupon than on the Lloyd's notes, but in subsequent periods may see a much lower coupon as the minimum is being offered. Some bankers argue that the absence of a minimum will fail to attract individual investors, but if short-term rates rise, the question of minimums may become academic.

Only one issue is currently on offer in the deutsche-mark sector—a 100-million-DM, five-year note for Norges Kommunalebank which is expected to carry a coupon of 7 per cent. Norway will be the next to tap the market, followed by the government of Mexico.

In the Euroguilder market, Philips Gloeilampenfabriek is raising 75 million guilders in five-year notes bearing a coupon of 7 3/4 per cent. Issued at par, the notes are heavily oversubscribed.

Only one issue is on offer in

Malaysia-Cambodia Ties

KUALA LUMPUR, Malaysia.

May 2 (AP)—Malaysia and Cambodia established diplomatic relations at the ambassadorial level yesterday, according to a joint communiqué.

The Canadian-dollar sector—Scan, 25 million of five-year notes for Commercial Credit Corp. bearing a coupon of 9 3/4 per cent. Calgary Power Ltd. sold \$Can. 20 million of six-year notes last week at 99 with a coupon of 9 3/4 per cent.

Of some interest to professionals operating in the Eurobond market is the fact that an increasing number of issues are being arranged with no mention of "reaffirmation" in the contracts.

Extent of Discount

Normally, contracts limit banks to offering a maximum half-point discount to authorized dealers or banks. In fact, however, the reaffirmation was often offered to anyone willing to buy the bonds and the discount has been known to extend to the full 1 1/2 to 1 1/2 per cent that the selling banks themselves earned for participating in a new issue.

The few banks who respected the contract terms were often priced out of the market and unable to meet the discounts offered by the banks violating the contract terms. Efforts to police the reaffirmation have failed, often because the violating institution has been too big or prestigious.

for the lead manager to dare to

improve it. Thus, the contracts for the Showa Line contain no provision on reaffirmation, which means large buyers can negotiate their own discount with the selling banks. The contract for the convertible issue just completed for Union Bank of Switzerland (UBS), April 28, also made no mention of reaffirmation.

Most bankers say this approach is the most realistic way to deal with the lack of discipline and expect the practice, begun by S.G. Warburg two years ago, to become the standard pattern.

However, some bankers question whether this is not the first step in a move to cut back the size of the selling group commissions.

International Issues

(7-15 years)

April 28: 8.44%; April 21: 8.54%

Industrials

(5-7 years)

April 28: 7.10%; April 21: 7.15%

Industrials

(7-15 years)

April 28: 8.61%; April 21: 8.67%

Market Turnover

April 30 April 23

Cedeit \$840.7 mil. \$414.3 mil.

Euroclear \$848.4 mil. \$489.1 mil.

New York Bond Sales

Sales in \$1,000 High Low Last Change

Alum. 4.875	3	83 1/2	83 1/2	83 1/2	+ 1/2
Alum. 4.875	10	118	115	115	- 1/2
Alum. 4.875	21	105	103	104	- 1/2
Alum. 4.875	27	95	94	94	- 1/2
Alum. 4.875	47	64 1/2	64 1/2	64 1/2	+ 1/2
Alum. 4.875	1	84 1/2	84 1/2	84 1/2	+ 1/2
Alum. 4.875	83	104 1/2	104 1/2	104 1/2	+ 1/2
Alum. 4.875	15	68	70 1/2	70 1/2	- 1/2
Alum. 4.875	20	84 1/2	84 1/2	84 1/2	+ 1/2
Alum. 4.875	14	28 1/2	28 1/2	28 1/2	+ 1/2
Alum. 4.875	12	31	31	31	+ 1/2
Alum. 4.875	24	104 1/2	104 1/2	104 1/2	+ 1/2
Alum. 4.875	34	104 1/2	104 1/2	104 1/2	+ 1/2
Alum. 4.875	35	61 1/2	61 1/2	61 1/2	+ 1/2
Alum. 4.875	42	71 1/2	71 1/2	71 1/2	+ 1/2
Alum. 4.875	313	69 1/2	69 1/2	69 1/2	+ 1/2

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